

AR85

TORONTO STOCK EXCHANGE

BULLETIN NO. 7062

TORONTO

February 3rd, 1969

NEW LISTING

ULSTER PETROLEUMS LTD.

Application has been granted to list 4,500,000 shares without nominal or par value and the shares will be posted for trading at the opening on Wednesday, February 5th. Stock Symbol "UVF"; Post Section 8.5; Dial Quotation No. 1591.

Listing Statement No. 2340 is being prepared and will be available soon. The following is some of the information that will be in the Statement:

Incorporated - as a private company under the laws of the Province of Alberta on March 11th, 1963 by Memorandum of Association. On January 23rd, 1968, amendments effected by Special Resolution increased the authorized share capital to 3,000,000 shares. On September 17th, 1968 further amendments effected by Special Resolution converted the Company into a public company. On November 13th, 1968 the authorized share capital was increased to 4,500,000 shares and the issued shares subdivided on the basis of 1-1/2 shares for each 1 share.

Head Office - 203 Oil Exchange Building, 309 - 7th Avenue S.W., Calgary 2, Alta.

Transfer Agent and Registrar - The Canada Trust Company, Toronto, Halifax, Montreal, Winnipeg, Calgary and Vancouver.

Nature of Business - The Company and its two wholly-owned subsidiaries, Citadel Petroleum Limited and Ulster Petroleum Inc., are engaged in exploring for, and the development and production of, petroleum and natural gas in Canada and the State of Alaska. The Company has also acquired mineral claims in the Northwest Territories.

Officers -

President	- H.M. Considine, Calgary, Alta., Partner, McDonald & Considine, Barristers & Solicitors
Vice-President & Managing Director	- E.P. Kenney, Calgary, Alta.
Vice-President & Secretary	- R.H. O'Connor, Calgary, Alta. formerly Consulting Geologist and Vice-President of Pinnacle Petroleum Ltd.
Treasurer	- T.K. Craine, Calgary, Alta., President, Craine Accounting Services Ltd.

Directors - H.M. Considine, E.P. Kenney, R.H. O'Connor and the following :

R.A.N. Bonnycastle, Calgary, Alta., President of Gardyne Management Ltd.
W.H. Carruthers, Calgary, Alta., Area Representative of Cominco Ltd.
N.J. Coolidge, New York, U.S.A., Vice-President, Kidder, Peabody & Co.
Dr. L.P. Malloy, Calgary, Alta., Physician.

Capitalization -

<u>Share Capital</u>	<u>Authorized</u>	<u>Issued and Outstanding</u>
Shares without nominal or par value ...	4,500,000	3,053,675

Offering by Prospectus - Under a prospectus dated December 11th, 1968, 2,000,000 treasury shares were sold to net the Company \$4,010,000.

Development accomplished and planned - The Company and its subsidiaries are engaged in exploration for and the development and production of, petroleum and natural gas in Canada and the State of Alaska. The Company has also acquired certain mineral claims in the Northwest Territories and intends to carry out a program of dewatering, geological and feasibility studies, crosscutting and underground diamond drilling on these properties in accordance with the recommendation contained in the report of N.W. Byrne. Prior to 1968 the Company's and Citadel Petroleum Limited's (NPL) operations were limited in nature and were directed towards acquiring interests in a small number of petroleum and natural gas leases in Alberta and participating in a number of "farmouts" on small tracts of land offsetting or near oil production in the Province of Saskatchewan. The Company intends to continue to acquire proven or semi-proven oil and gas reserves or interests therein in Western Canada. Recently the Company and Ulster Petroleum, Inc. acquired petroleum and natural gas rights on land in Alberta, the Northwest Territories, Yukon Territory and in the State of Alaska. The Company is committed to drill, 3 wildcat wells on its exploration acreage during the coming twelve-month period.

BY ORDER OF THE BOARD OF GOVERNORS

J.R. KIMBER
President

This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.

LISTING STATEMENT NO. 2340.

LISTED FEBRUARY 5, 1969.
4,500,000 Shares without par value.
Stock Symbol "UVF".
Post Section 8.5.
Dial Quotation No. 1591.

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

ULSTER PETROLEUMS LTD.

Incorporated under the laws of the Province of Alberta by
Memorandum of Association dated March 11, 1963.

1. Address of the Company's Head Office and of any other offices:

The registered office of Ulster Petroleums Ltd. is located at 203 Oil Exchange Building, 309-7th Avenue S.W., Calgary, Alberta, Canada. The Company has no other offices.

2. Officers of the Company:

<u>Office Held</u>	<u>Name</u>	<u>Address</u>	<u>Occupation</u>
President	Hugh Mackay Considine	740-15 Ave. S.W. Calgary	Barrister & Solicitor
Vice-President and Managing Director	Edward Price Kenney	5104 Nesbitt Rd. NW Calgary	Managing Director of Ulster Petroleums Ltd.
Vice-President and Secretary	Robert Howard O'Connor	3033-6 St. SW Calgary	Vice-President & Secretary of Ulster Petroleums Ltd.
Treasurer	Thomas Kneale Craine	4811 Nipawin Cres. NW Calgary	President, Craine Account- ing Services Ltd.

3. Directors of the Company:

<u>Name</u>	<u>Address</u>	<u>Occupation</u>
Richard Arthur Northwood Bonnycastle	R.R.#5, Calgary	President Gardyne Management Ltd.
Nicholas Jefferson Coolidge	180 East End Ave. New York	Vice-President of Kidder, Peabody & Co., Incorporated
Walter Howard Carruthers	3010 Glencoe Rd. SW Calgary	Area Rep. of Cominco Ltd.
Edward Price Kenney	5104 Nesbitt Rd. NW Calgary	Managing Director of Ulster Petroleums Ltd.
Hugh Mackay Considine	740-15 Ave. SW Calgary	Barrister & Solicitor
Dr. Leon Patrick Malloy	64 Medford Pl. Calgary	Physician
Robert Howard O'Connor	3033-6 St. SW Calgary	Vice-President & Secretary of Ulster Petroleums Ltd.

4. Names and addresses of all transfer agents:

The transfer agent of the Company is The Canada Trust Company at its principal offices in each of the cities of Montreal, Toronto, Winnipeg, Calgary, Vancouver and Halifax.

5. Particulars of any fee charged upon transfer other than customary government taxes:

A fee of 50¢ is charged to the public for each share certificate issued, as well as the customary government stock transfer tax.

6. Names and addresses of all registrars:

The Registrar of the Company is The Canada Trust Company at its principal offices in each of the cities of Montreal, Toronto, Winnipeg, Calgary, Vancouver and Halifax.

7. Amount of authorized capital:

(The Company is authorized to issue 4,500,000 shares without nominal (or par value, the maximum price or consideration for which such (shares may be sold is \$5,000,000.

8. Number of shares and par value:

9. Full details of all shares issued in payment for properties or for any other assets other than cash:

<u>Date</u>	<u>Number of Shares</u>	<u>Brief description of the properties or other assets and the aggregate consideration therefor, expressed in cash, shares, etc.</u>
April 6/63	10,000	Paid for maps, aggregate consideration \$100.
May 30/64	5,000	Paid for land leases and maps, aggregate consideration \$2,000.
August 30/68	101,200	Paid to Leora Minerals Ltd. (NPL) for acquisition of all assets and undertakings of that company, aggregate consideration \$101,200.
Total	116,200	

Due to changes in authorized capital the following shares have been issued:

January 23/68	87,500	Subdivision of 25,002 outstanding shares into 87,500 outstanding shares.
November 13/68	1,053,675	Subdivision of outstanding shares on the basis of 1.5 shares for 1 share.

10. Full details of all shares sold for cash.	<u>Date</u>	<u>Number of Shares</u>	<u>Price per Share</u>	<u>Amount Realized by Company</u>
	March 23/63	2	\$.01	\$.02
	April 6/63	10,000	.01	100.00
	June 4/68	185,750	1.00	185,750.00
	July 19/68	7,500	1.00	7,500.00
	July 31/68	22,500	1.00	22,500.00
	August 30/68	298,000	1.00	298,000.00
	December 30/68	2,000,000	2.025	4,050,000.00
	Total	2,523,752		\$4,563,850.02
11. Total number of shares issued.	3,053,675 shares without nominal or par value are presently issued as fully paid and non-assessable.			
12. Number of shares now in treasury or otherwise unissued.	1,446,325 shares are unissued.			
13. Particulars of any issued shares held in trust for the Company or donated for treasury purposes.	None			
14. Date of last annual meeting	The last annual general meeting of the shareholders of the Company was held on June 4, 1968.			
15. Date of last report to shareholders.	On October 18, 1968 an information circular was sent to all shareholders of the Company.			

16. Details of any treasury shares (or shares issued subject to payment or shares held for the benefit of the treasury) now under option or the subject of any underwriting or sales agreement. If none, this to be stated.	None
17. Names and addresses of persons having any interest, direct or indirect, in underwritten or optioned shares or other securities or assignments, present or proposed.	N/A
18. Details of any payments in cash or securities of the Company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None
19. Details of any shares pooled, deposited in escrow, non-transferable or held under any voting trust agreement, syndicate agreement or control.	None
20. Names and addresses of owners of more than a 5% interest in pooled or escrowed shares and their shareholdings. (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	N/A
21. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<ol style="list-style-type: none"> 1. Richardson Securities of Canada, 173 Portage Ave. East, Winnipeg, Manitoba, 1,423,688 shares (see Distribution Statement). 2. Roywin & Co., c/o Royal Bank of Canada, 220 Portage Ave., Winnipeg, Manitoba, 118,275 shares. 3. R. H. O'Connor, 3033-6 St. SW, Calgary, Alberta, 117,763 shares. 4. Edward Price Kenney, 411 Thornhill Pl., Calgary, Alberta, 112,785 shares. 5. Bloor & Co., 25 King St. W., Toronto 1, Ontario, 103,500 shares. 6. Bay & Co., Main Floor, 304 - Bay St., Toronto, Ontario, 75,500 shares.
22. Names and addresses of persons whose shareholdings are large enough to materially affect control of the Company.	No single shareholder holds sufficient shares to materially affect control of the Company. The Directors upon solicitation of proxies from other shareholders may be in a position to materially affect control of the Company.
23. Details of any registration with or approval or authority for sale granted by or any filing with a Securities Commission or corresponding Government body.	The final prospectus of the Company in reference to the sale of 2,000,000 shares without nominal or par value of the share capital of the Company to the public through the facilities of Richardson Securities of Canada has been approved and filed with the Alberta Securities Commission on December 12, 1968; British Columbia Securities Commission on December 16, 1968; Manitoba Securities Commission on December 19, 1968; New Brunswick Securities Commission on December 18, 1968; Nova Scotia Securities Commission on December 13, 1968; Ontario Securities Commission on December 12, 1968; Prince Edward Island Securities Commission on December 13, 1968; and the Saskatchewan Securities Commission on December 13, 1968.
24. Has any application for registration with or approval or authority for sale by or any filing with a Securities Commission or corresponding Government body ever been refused, cancelled, suspended or revoked? If so, give particulars.	A preliminary prospectus was filed with the Quebec Securities Commission in respect to the within stated offering to the public of 2,000,000 shares of the Company. Due to the requirements of the Quebec Securities Commission, the Company did not proceed with the application.

25. Particulars of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	None															
26. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	The Company has two wholly owned subsidiaries, Citadel Petroleum Limited incorporated under the laws of the Province of Alberta on November 4/64 and Ulster Petroleum, Inc. incorporated under the laws of the State of Delaware on August 20/68.															
27. Enumerate fully each of the following property classifications, giving claim or property numbers, approximate acreage, townships and mining camp or oil field: (a) Properties owned where titles vested in Company. (b) Properties leased. (c) Properties otherwise held. Give particulars of title held by the Company in each instance, (e.g. patented, unpatented, Crown granted, held under mining license, perpetual lease, etc.)	<p style="text-align: center;">OIL PROPERERTIES</p> <p>As of October 1, 1968 the Company and its subsidiaries held interests in approximately 1,930,157 gross acres of Petroleum and natural gas rights in the Northwest Territories, Yukon Territory, the State of Alaska and the Provinces of Alberta and Saskatchewan. The approximate gross and net acreage interests of the Company and its subsidiaries in these holdings including their interests expressed as net leasable acres, distinguished by location and type of holding are shown and described on Schedule "A" on Page 7.</p> <p style="text-align: center;">MINERAL CLAIMS</p> <p>The Company has acquired 36 unpatented mineral claims located on Contact Lake in the Great Bear Lake area, District of MacKenzie, about 275 miles north of the Town of Yellowknife, in the Northwest Territories and about 10 miles south-east of the Echo Bay Silver Mine and the former Eldorado Uranium Mine. The claims cover approximately 1,827 acres. The claims consist of four groups of contiguous, unpatented mineral claims totalling 36 in all, more fully described as follows:</p> <table><tr><td><u>Name and Number</u></td><td><u>Tax Number</u></td><td><u>Date of Recording</u></td></tr><tr><td>KAYO 1</td><td>T 10700</td><td>June 5, 1967</td></tr><tr><td>SAM 5 to 7</td><td>N 23705-07</td><td>March 20, 1961</td></tr><tr><td>PAUL 1 to 6</td><td>N 89771-76</td><td>July 18, 1966</td></tr><tr><td>BUNYAN 1 to 26</td><td>N 43984-44009</td><td>October 6, 1966</td></tr></table>	<u>Name and Number</u>	<u>Tax Number</u>	<u>Date of Recording</u>	KAYO 1	T 10700	June 5, 1967	SAM 5 to 7	N 23705-07	March 20, 1961	PAUL 1 to 6	N 89771-76	July 18, 1966	BUNYAN 1 to 26	N 43984-44009	October 6, 1966
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SAM 5 to 7	N 23705-07	March 20, 1961														
PAUL 1 to 6	N 89771-76	July 18, 1966														
BUNYAN 1 to 26	N 43984-44009	October 6, 1966														
28. Full particulars of any royalties or other charges payable upon production from each individual property.	See Item # 27															
29. Names and addresses of vendors of any property or other assets intended to be purchased by the Company showing the consideration to be paid.	N/A															
30. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	N/A															
31. Are any lawsuits pending or in process against the Company or any of its properties, or are there any other circumstances which might affect the Company's position or title adversely? If so explain fully.	None															
32. Describe plant and equipment on property or properties.	None															

PROSPECTUS DATED DECEMBER 11, 1968

THESE SECURITIES ARE NOT BEING OFFERED IN THE PROVINCE OF QUEBEC.

A copy of this prospectus has been filed with the Registrar of Companies of the Province of Alberta.

No securities commission or similar authority in Canada has in any way passed upon the merits of the shares offered hereunder and any representation to the contrary is an offence. No survey of any mining property of the Company has been made and therefore in accordance with the mining laws of the appropriate jurisdiction in which the property is situate, the boundaries of and the areas of such property could be in doubt.

NEW ISSUE

Ulster Petroleums Ltd.

2,000,000 shares

(Without nominal or par value)

Firmly Underwritten

Price \$2.25 per share

	Price to Public	Proceeds to Underwriter	Proceeds to Company (1)
Per Share	\$2.25	\$.225	\$2.025
Total	\$4,500,000	\$450,000	\$4,050,000
(1) Before deduction of estimated expenses of \$40,000.			

THESE SHARES ARE SPECULATIVE SECURITIES

Reference is made to the headings Oil Properties, Mineral Claims, Plan of Distribution and Principal Holders of Shares on pages 3, 8, 10 and 13 respectively. There is at present no established market for the shares offered. The purpose of this issue is to provide funds for exploration and development of the Company's properties and acquisition of further oil and gas rights.

Application has been made to list the shares of Ulster Petroleums Ltd. on The Toronto Stock Exchange. Acceptance of listing will be subject to the filing of required documents and evidence of satisfactory distribution, both within 90 days.

We, as principals, offer these shares, subject to prior sale, if, as and when issued by the Company and accepted by us and subject to the approval of all legal matters on behalf of the Company by Messrs. McDonald & Considine, Calgary, Alberta, and on our behalf by Messrs. Macleod, Dixon, Burns, Love, Leitch, Lomas, Charters & Montgomery, Calgary, Alberta, who may rely on the opinion of Counsel for the Company in respect to all matters of titles.

It is expected that definitive share certificates will be available on or about December 30, 1968.

RICHARDSON SECURITIES OF CANADA

EXECUTIVE OFFICE: WINNIPEG, MANITOBA

VICTORIA • VANCOUVER • PRINCE GEORGE • CALGARY • EDMONTON • LETHBRIDGE • MEDICINE HAT • SWIFT CURRENT • SASKATOON • MOOSE JAW • REGINA
BRANDON • WINNIPEG • KENORA • WINDSOR • CHATHAM • LONDON • KITCHENER • GALT • SIMCOE • HAMILTON • TORONTO • KINGSTON • OTTAWA
MONTREAL • QUEBEC CITY • FREDERICTON • SAINT JOHN • MONCTON • SUMMERSIDE • CHARLOTTETOWN • DARTMOUTH • HALIFAX • LONDON (ENGLAND).

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STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION OF PURCHASES IN ONTARIO, SASKATCHEWAN, ALBERTA AND BRITISH COLUMBIA

The attention of purchasers in the Provinces of Ontario, Alberta and Saskatchewan of any of the securities offered by this prospectus is drawn to certain provisions of relevant legislation, namely: The Securities Act, 1966 (Ontario), The Securities Act, 1967 (Alberta) and The Securities Act, 1967 (Saskatchewan), which permits such purchasers in certain events and subject to certain conditions:

- (a) to withdraw from any agreement of purchase if written or telegraphic notice evidencing the intention of the purchaser not to be bound by the agreement of purchase is received by the vendor or his agent not later than midnight on the second business day after the prospectus or amended prospectus is received or is deemed to be received by the purchaser or his agent; and
- (b) To rescind the agreement of purchase by institution of legal proceedings within 90 days from the later of the date of receipt of the prospectus or amended prospectus by the purchaser or his agent or the date of the agreement of purchase if such prospectus, as of the date of receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it was made.

The full text of the respective statutory provisions summarized above are contained in Sections 63 and 64 of The Securities Act, 1966 (Ontario), Sections 63 and 64 of The Securities Act, 1967 (Alberta) and Sections 70 and 71 of The Securities Act, 1967 (Saskatchewan).

Sections 61 and 62 of The Securities Act, 1967 (British Columbia) provide in effect, that where a security is offered to the public in the course of primary distribution:

- (a) a purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus, together with financial statements and reports and summaries of reports relating to the securities as filed with the British Columbia Securities Commission, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice.
- (b) A purchaser has the right to rescind a contract for the purchase of such security while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

THE COMPANY

Ulster Petroleum Ltd. (the Company) was incorporated as a private company under the laws of the Province of Alberta on March 11, 1963 by Memorandum of Association. On January 23, 1968 amendments effected by Special Resolution increased the authorized share capital to 3,000,000 shares. On September 17, 1968 further amendments effected by Special Resolution converted the Company to a public company. On November 13, 1968 the authorized share capital was increased to 4,500,000 shares and the issued shares subdivided on the basis of 1½ shares for each 1 share.

The registered and principal office of the Company is 203 Oil Exchange Building, 309 - 7th Avenue S.W., Calgary 2, Alberta.

There are two subsidiaries of the Company, Citadel Petroleum Limited (Citadel) and Ulster Petroleum, Inc. (Ulster Inc.). Citadel was incorporated under the laws of the Province of Alberta by Memorandum of Association on November 4, 1964 and became a wholly-owned subsidiary on August 30, 1968. Ulster Inc. is a wholly-owned subsidiary of the Company incorporated under the laws of the State of Delaware, one of the United States of America, by Certificate of Incorporation on August 20, 1968. Throughout this prospectus, Citadel and Ulster Inc. are sometimes referred to as subsidiaries.

BUSINESS OF THE COMPANY

The Company and its subsidiaries are engaged in exploring for, and the development and production of, petroleum and natural gas in Canada and the State of Alaska. The Company has also acquired mineral claims in the Northwest Territories particulars of which are set forth on page 8 under the heading Mineral Claims. Prior to 1968 the Company's and Citadel's operations were limited in nature and were directed towards acquiring interests in a small number of petroleum and natural gas leases in the Province of Alberta and participating in a number of "farmouts" on small tracts of land offsetting or near oil production in the Province of Saskatchewan. Recently, however, the Company and Ulster Inc. have acquired petroleum and natural gas rights in Alberta, the Northwest Territories, Yukon Territory and in the State of Alaska, particulars of which are set forth on page 3 under the heading Oil Properties.

Exploration Acreage

OIL PROPERTIES

As of October 1, 1968 the Company and its subsidiaries held interests or, where qualified by Note 6, the right to acquire interests in approximately 1,930,157 gross acres of petroleum and natural gas rights in the Northwest Territories, Yukon Territory, the State of Alaska and the Provinces of Alberta and Saskatchewan. Reference is made to the maps on pages 6 and 7 showing the principal holdings. The approximate gross and net acreage interests of the Company and its subsidiaries in these holdings, including their interests expressed as net leasable acres, distinguished by location and type of holding, are shown in the following table:

Geographical Area	Type of Ownership Interest (Notes 1, 2 & 3)	Gross Acres (Note 4)	Net Acres (Note 4)	Interests Expressed as Net Leasable Acres (Note 4)
Northwest Territories				
Banks Island	Permit	400,347	380,329	190,165
Banks Island	Royalty	485,646	4,856	2,428
Beaufort	Permit	43,342	21,671	10,835
Inuvik	Permit*	331,200	165,600	82,800
Mackenzie Bay	Permit	222,288	111,144	55,572
State of Alaska				
Port Heiden	Lease*	20,154	10,077	10,077
North Slope	Lease Application (Note 5)	346,461	47,462	47,462
Yukon Territory				
Yukon Territory	Permit	26,618	26,618	13,309
Alberta				
Alberta	Leases*	25,274	14,908	14,908
Alberta	Royalty	14,907	77	77
Alberta (Williams Creek)	Drilling Reservation*	11,040	5,520	1,280
Saskatchewan				
Saskatchewan	Lease	1,760	397	397
Saskatchewan	Royalty	1,120	30	30
TOTAL		1,930,157	788,689	429,340

*See heading Exploratory Wells page 4 and Note 6 on page 4.

- (1) Permits in the Yukon and Northwest Territories and Arctic Islands are acquired from the Crown acting in the right of Canada. While regulations governing these Permits differ to some extent in various jurisdictions the basic procedure is that a company may acquire, either through application or through competitive bidding, a Permit covering substantial blocks of Crown lands. Such Permit confers upon the holder thereof the right to lease the petroleum and natural gas rights under a specified percentage of Permit area. Selection of leases must generally be made in 4 to 10 years from the date on which the Permit is granted. Approximately 50% of the acreage shown as Permit acreage can be converted to leases; the balance then reverting to the Crown.
- (2) Crown Leases on Canadian lands have been acquired from the Crown acting in the right of Canada or the province concerned under regulations existing from time to time. These regulations differ to some extent in the various jurisdictions but in general confer on the lessee the right to remove all hydrocarbons and related substances subject to payment to the Crown of specified royalties on production and an annual rental of \$1.00 per acre. Royalty rates now in effect under Crown leases in Alberta on crude oil are on a sliding scale basis ranging from 8% to 16 $\frac{2}{3}$ % of production; on natural gas liquids and sulphur 16 $\frac{2}{3}$ % of production; and on natural gas the greater of 16 $\frac{2}{3}$ % of the proceeds of production or $\frac{3}{4}$ ¢ per thousand cubic feet (MCF). The royalty rates in other jurisdictions are generally comparable to those in Alberta.
Freehold petroleum and natural gas leases obtained by a company on Canadian lands normally carry a flat 12 $\frac{1}{2}$ % royalty on crude oil, natural gas liquids, sulphur and natural gas. Such freehold leases are also subject to an annual rental, usually at a rate of \$1.00 per acre.
In the State of Alaska petroleum and natural gas leases are issued either by the State or Federal authorities under regulations which in general confer on the lessees the right to remove all hydrocarbons and related substances subject to payment to the authorities of specified royalties on production and annual rentals. Royalty rates now in effect under Alaska State and Federal leases are 12 $\frac{1}{2}$ % gross on all substances produced and marketed. Annual rentals on leases to be issued on the North Slope will be \$.50 (U.S.) per acre. Annual rentals on leases in the Port Heiden area are \$2.00 (U.S.) per acre.
- (3) The royalty interests held by the Company grant to the Company a percentage share, which varies from $\frac{1}{2}$ % to 3% of gross production or proceeds from production without any deduction for costs of exploration, development, operating royalty or maintenance. All such costs are borne by third parties which hold the working interests in the lands concerned.
- (4) Gross Acres represents the total of the acreage interests of the Company and others in each type of ownership interest prior to conversion of permit and drilling reservation acreage. Net Acres represents the interest of the Company in the gross acreage prior to conversion of permit and drilling reservation acreage to net leasable acres. Net Leasable Acres represents the interest of the Company following conversion of permit and drilling reservation acreage to lease.
- (5) Lease Application represents "Offers to Lease and Leases for Oil and Gas" which have been filed with and confirmed by the Bureau of Land Management of the Department of the Interior, Anchorage, Alaska. Leases have not yet been issued by the said Department. Reference is made to the heading Status of Lease Applications on page 5.
- (6) The interests of the Company in these holdings are conditional upon the Company drilling or causing to be drilled 6 wildcat or exploratory wells referred to on page 4 under the heading Exploratory Wells and on page 9 under the heading Use of Proceeds.

A geological appraisal of the exploration acreage held by the Company and its subsidiaries as of October 1, 1968, including an estimate of the oil reserves of Citadel Petroleum Ltd., was made by J. C. Sproule and Associates Ltd., Oil and Gas Engineering and Geological Consultants, 1009 - 4th Avenue S.W., Calgary, Alberta, in a report dated September 25, 1968 as amended by an amending report dated October 25, 1968. Copies of this report are on file with the Securities Commissions of British Columbia, Alberta, Saskatchewan and Ontario and are available for public inspection at the Commissions' Offices and at the registered office of the Company while the shares offered by this prospectus are in the course of primary distribution and for 30 days thereafter.

In the opinion of the Company's management the Alberta and Saskatchewan holdings are fairly well located in areas where there is a reasonable chance of discoveries of oil and gas. The acreage in the Northwest Territories, Yukon Territory and Alaska may prove to be highly valuable in the future. These very large areas are virtually unexplored but with the interest aroused by the recent discoveries in northern Alaska, as well as the current projects now under way in other parts of the north, it is likely that these areas will be subjected to considerable exploration in the next few years.

Exploratory Wells

The Company is committed to drill three wildcat wells on its exploration acreage during the coming twelve-month period. One well is to be drilled in the Inuvik area of the Northwest Territories, one in the Williams Creek area of the Province of Alberta and one in the Port Heiden area of the State of Alaska.

The commitment well to be drilled in the Inuvik area shall earn the Company a 50% undivided interest in a block of permit lands containing 141,498 acres. The Company has the option to drill two further exploratory wells in the Inuvik area in each of two other blocks of permit lands, to earn a 50% undivided interest in each of these blocks. If these three wells are drilled, the Company shall earn the interests in the Inuvik area set forth in the table on page 3. The commitment well to be drilled in the Williams Creek area

of Alberta shall earn the Company a 50% interest in certain leases in this area and depending on its location could qualify as the validating well under the drilling reservation listed in the table on page 3. The Company has the option to drill a second well in the Williams Creek area to earn a 50% interest in the remaining leases in this area and it is intended that this well shall be the validating well under the drilling reservation provided the first well did not so qualify. The commitment well in the Port Heiden area is the only one committed to be drilled in this area in order for Ulster Inc. to earn the interest set forth in the table on page 3.

Status of Lease Applications

There are no pending legal proceedings material to the properties of the Company. However, the Arctic Slope Native Association, representing certain natives of Alaska, has filed with the Secretary of the Interior, "Bureau of Land Management" on January 24, 1966, a Native Assertion of Rights Petition claiming that all of the lease applications with respect to lands on the North Slope in which the Company has an interest are in conflict with the native rights or claims to the lands including the petroleum and natural gas rights which are the subject matter of such lease applications. The Secretary of the Interior has suspended action on the applications pending final disposition of the native claims by Congress. Mr. Richard P. Cullen, Attorney-at-Law of Denver, Colorado, has advised the Company that the said native claims have no basis in law and that the natives have no right to compensation in law.

During this period when action has been suspended on the lease applications and until leases are issued, the State of Alaska, pursuant to the Alaska Statehood Act, could become the owner in fee simple of certain or all of the lands which are the subject matter of the lease applications. In such event the priority of the lease applications would continue and be recognized by the State of Alaska except with respect to any lands which are, or within ninety days after the selection of lands by the State of Alaska and approval by the Secretary of the Interior, classified by the State to be competitive lands. Competitive lands are acknowledged to be those lands which are in the general area of a discovery of oil or gas in commercial quantities and which the Commissioner of Natural Resources of the State of Alaska reasonably believes to be capable of production of oil or gas. The Company will not participate in the drilling of any wells on the North Slope lands unless it has received leases or an interest therein in accordance with the lease applications. Any lands selected by the State of Alaska pursuant to the Alaska Statehood Act which are subject to lease must be taken by the State subject to the lease.

Acquisition Costs

The amounts paid or payable by the Company for the following financial periods for and under permits, leases and other petroleum rights are tabulated hereunder.

10 months ending Dec. 31 1963	1964	12 months ending Dec. 31 1965	1966	1967	9 months ending Sept. 30 1968	TOTAL
\$29,445	\$4,271	Nil	\$1,890	\$4,532	\$411,614	\$451,752

Income from Royalties

From the date of incorporation to August 31, 1968 the Company's only income from the production of petroleum substances was the sum of \$3,579 from royalty payments.

Developed Acreage and Reserves of Citadel

Effective August 30, 1968 the Company acquired all of the outstanding shares of Citadel. Particulars of this transaction are set forth under the heading Interest of Management and Others in Material Transactions on page 12. Since its incorporation in November, 1964 Citadel acquired a 10% participation in a small number of drilling operations in the Province of Saskatchewan in the course of which it participated in 5 wells in 1965 at a cost of \$19,564 resulting in 2 producing wells and 3 dry holes, 1 producing well in 1966 at a cost of \$12,306 and 1 dry hole in 1967 at a cost of \$3,732.

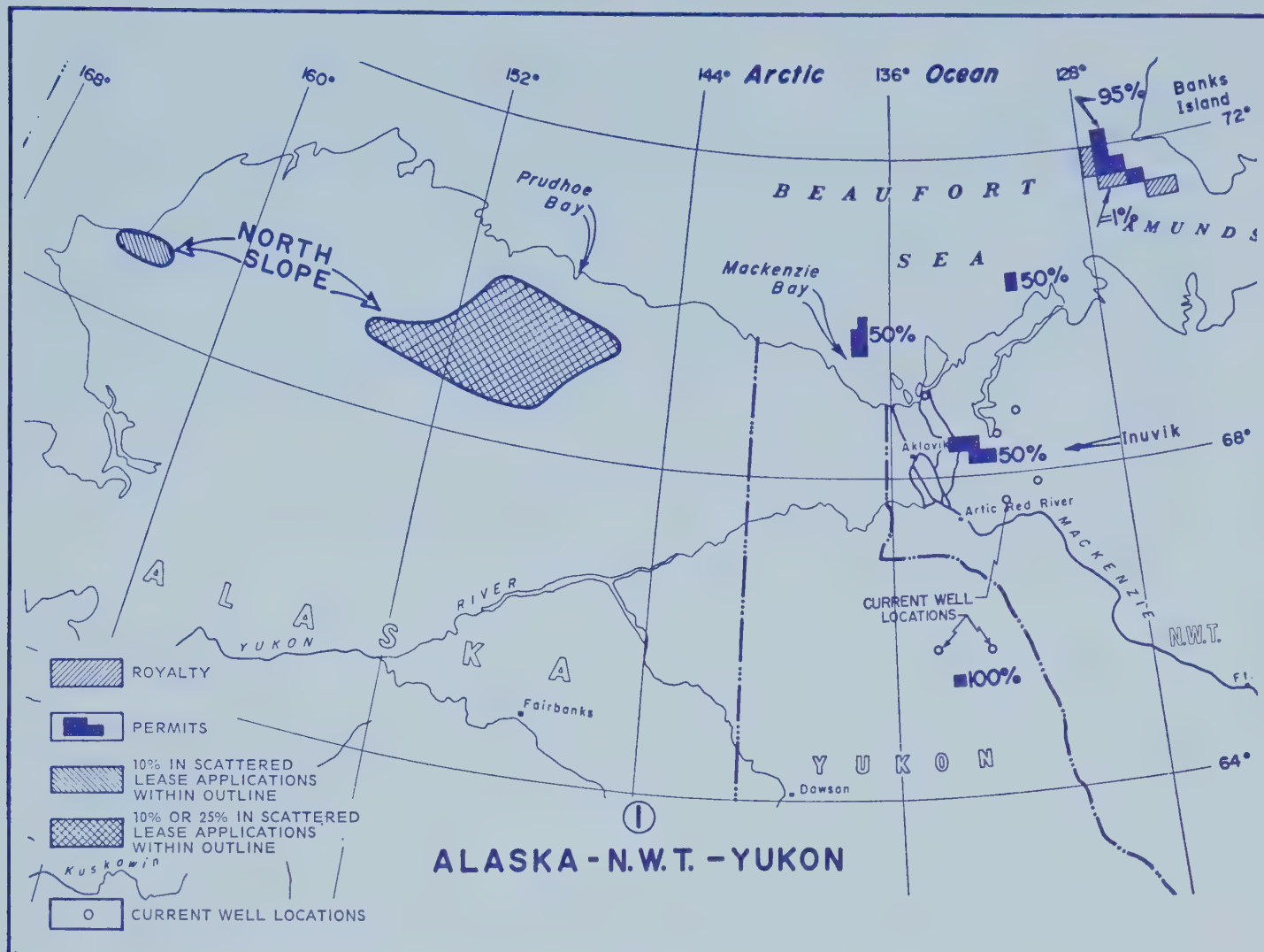
As a result of these operations Citadel owns a 10% interest in 2 oil wells in the Benson field and a 10% interest in 1 oil well in the Steelman field both in Saskatchewan. The following crude oil reserves are attributed to the developed acreage of Citadel by J. C. Sproule and Associates Ltd., Oil and Gas Engineering and Geological Consultants, in its report referred to on page 4.

Proven Developed _____ 29,200 barrels

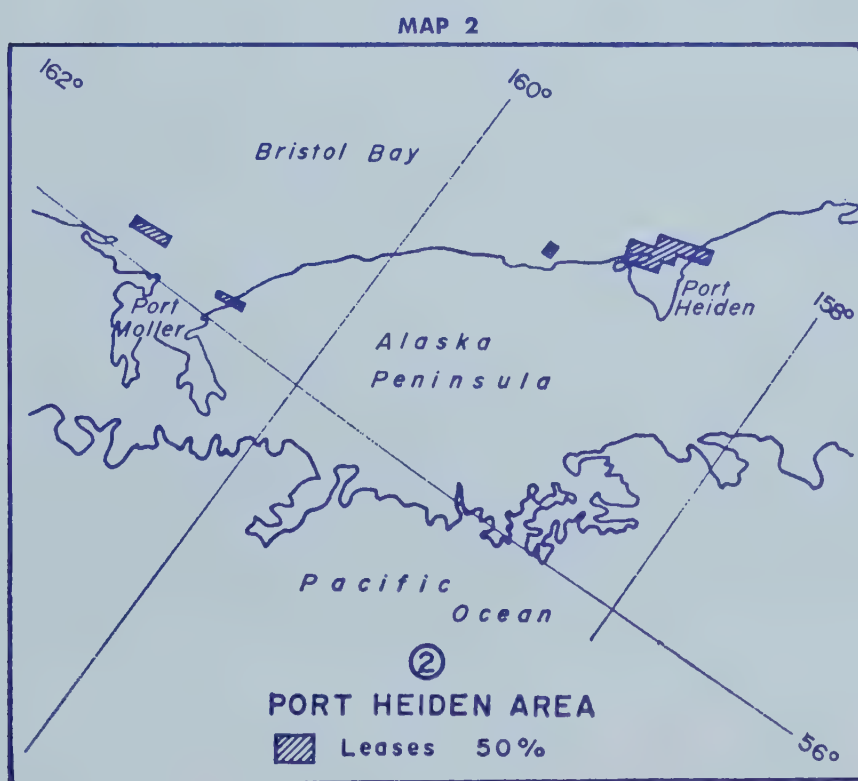
Since commencement of production up to August 31, 1968 Citadel's net crude oil production amounted to 7,683 barrels having a gross value of \$19,802.

PRINCIPAL PETROLEUM RIGHTS

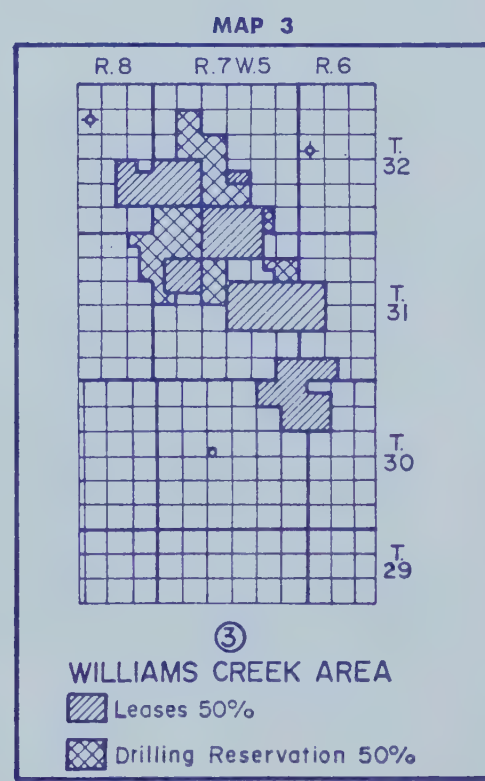
ULSTER PETROLEUMS LTD. AND ITS SUBSIDIARIES



MAP 1



MAP 2



MAP 3

MINERAL CLAIMS

Location of Claims

The Company has acquired 36 unpatented mineral claims located on Contact Lake in the Great Bear Lake area, District of MacKenzie, about 275 miles north of the Town of Yellowknife, in the Northwest Territories and about 10 miles south-east of the Echo Bay Silver Mine and the former Eldorado Uranium Mine. The claims cover approximately 1,827 acres. Access to the property is provided by Northern Transportation Company from Waterways, Alberta, or Hay River in the Northwest Territories to the Port Radium area, including the dock servicing the Company's claims. Water transport to the property is available from July to October each year. Access is also provided by fixed wing aircraft, chartered from such centers as Hay River or Yellowknife, in the Northwest Territories or Edmonton, Alberta. In winter an airstrip is maintained on Great Bear Lake for aircraft of the DC-6 and Hercules types. A similar ice strip has been established in the past on Contact Lake.

Description of Claims

The claims consist of four groups of contiguous, unpatented mineral claims totalling 36 in all, more fully described as follows:

<u>Name and Number</u>	<u>Tax Number</u>	<u>Date of Recording</u>
KAYO 1	T 10700	June 5, 1967
SAM 5 to 7	N 23705 - 07	March 20, 1961
PAUL 1 to 6	N 89771 - 76	July 18, 1966
BUNYAN 1 to 26	N 43984 - 44009	October 6, 1966

These claims formed part of the assets and undertakings of Leora Minerals Ltd. (N.P.L.) the acquisition of which by the Company is more fully described under the heading Interest of Management and Others in Material Transactions on page 12.

History of Claims

The claims were first staked in 1932. Exploration of the discovery took the form of diamond drilling and a development adit was driven into the hillside. The shaft was sunk and actual stoping took place in 1934. A small mill was installed and silver concentrates produced from 1934 to 1939. The initial company involved was International Uranium Mining Co. and later Acadia Uranium Mines carried on some exploration in the 1940's and early 1950's.

Exploration and Development

The previous mine was developed by a shaft opening two levels below an adit to a depth of 200 feet. In addition a winze was sunk to a depth of 105 feet below the bottom level. Several thousand feet of lateral work have been completed. The mine has two known ore zones; one is developed and is ready for production, but is partially limited in vertical extent since diamond drilling from surface suggests a termination vertically of the ore values, although the structure continues to depth. The other zone is opened by drifting, raising and a winze and is not delimited. The property was originally equipped with a mining plant and a milling plant as well as a full complement of buildings. The milling plant, which had a rated capacity of 25 tons per day, was destroyed by fire in 1939. The buildings remain but require almost complete replacement.

Description of the Mineral Deposits

The uranium-silver occurrences on the properties are underlain by Precambrian rocks of which the greater proportion is granite. The uranium-silver occurrences are at the southerly end of a belt of older rocks which are cut by tongues and stocks of granodiorite. The deposits are in veins occupying northeasterly-striking shears and fractures related to the major faults in the area. A large number of fractures or breaks have been recognized on the property and at least ten have been closely examined. Four of these are known to be of interest and these occur as a group in the western part of the property within an area 1,000 feet by 2,000 feet. The vein filling of the fractures is of two types, (a) quartz with minor hematite and (b) carbonate-quartz. Silver and Uranium ores have been found in both types of vein. The quartz is heavily stained by hematite and carries the ore minerals. The principal metallic minerals in addition to hematite are chalcopyrite and pyrite. Both silver and pitchblende are concentrated in relatively small shoots in these veins accompanied by nickel-cobalt minerals. The carbonate veins are composed of buff to pinkish carbonate with some quartz and hematite and show excellent fine banding and occasional vugs. Silver and pitchblende and the usual group of metallic minerals form short ore shoots.

According to the report dated September 10, 1968 of Norman W. Byrne, B.Sc., P.Eng., Consulting Mining Engineer of Yellowknife, in the Northwest Territories, prepared at the request of the Company, work done to date on the claims has established the existence of the following reserves of ore:

	Tons	Silver (Oz. per ton)	Uranium (%)
Positive	19,823	43.5	0.33
Probable	13,140	20.0	0.30
TOTAL	32,963	34.2 oz. (Avg.)	0.32% (Avg.)

The Company has carried out sufficient trenching and surface sampling on the claims to maintain them in good standing until August 18, 1969. The Company intends to carry out a limited program of development and exploration on the property within the coming twelve-month period particulars of which program are described under the heading Use of Proceeds on page 9.

Copies of the report of Norman W. Byrne are on file with the Securities Commissions of British Columbia, Alberta, Saskatchewan and Ontario and are available for public inspection at the Commissions' Offices and at the registered office of the Company while the shares offered by this prospectus are in the course of primary distribution and for 30 days thereafter.

USE OF PROCEEDS

After deduction of expenses connected with the issue (estimated not to exceed \$40,000) the net proceeds to be derived from the sale of 2,000,000 treasury shares offered by this prospectus, amounting to \$4,010,000 will be used for the following purposes:

1. A portion of the proceeds will be employed in the drilling of 3 exploratory wells on acreage held by the Company and Ulster Inc. in Alberta, the Northwest Territories and the State of Alaska. These wells will be drilled during the 12 month period following the date of this prospectus in the Inuvik area of the Northwest Territories, in the Williams Creek area of Alberta and in the Port Heiden area of Alaska at a total cost of approximately \$2,000,000. It is the Company's intention to obtain one or more partners to participate in the drilling of these exploratory wells so that it is not possible at this time to state the exact amount of the Company's money which will be used in this drilling program. It is estimated that the total amount of the Company's funds so used will not exceed \$1,000,000.
2. Depending upon the results obtained from the drilling of the 3 committed exploratory wells referred to on page 4, the Company may drill further wells and may obtain partners in the drilling of these further wells. It is not possible at this time to estimate the expenditures for these purposes.
3. Under existing regulations, up to \$210,000 of the proceeds may be required to be used in geological and/or geophysical expenditures on the Company's Permits in the Yukon and Northwest Territories during the remainders of the primary terms of these Permits which vary from 3 to 6 years.
4. The sum of \$176,000 (\$163,742 U.S.) will be used to pay the balance of acquisition costs of oil and gas leases in the State of Alaska upon the issuance of such leases pursuant to the Lease Applications referred to under the heading Oil Properties on page 3.

5. A portion of the proceeds estimated at \$20,000 will be employed in conducting a survey on the Company's mineral claims in the Northwest Territories. The Company also intends to carry out a program of dewatering, geological and feasibility studies, crosscutting and underground diamond drilling on these properties at an additional cost of approximately \$185,000 in accordance with the recommendations contained in the Report of Norman W. Byrne referred to under the heading Mineral Claims on page 8. The total of the proceeds to be expended on the mineral claims is estimated at \$205,000.

6. The Company and its subsidiaries intend as opportunities arise to use a portion of the proceeds to acquire proven or semi-proven oil and gas reserves or interests therein in Western Canada; and to purchase interests in and to carry out exploration in oil and gas properties in areas of Western Canada, the Northwest Territories, Yukon Territory and the State of Alaska. It is not possible at this time to state the exact amount of money which will be used for these purposes.

The balance of the net proceeds will be added to the general funds of the Company. Pending the use of the net proceeds in the above manner the unexpended monies will be invested in trustee securities or held on deposit with the Company's bankers.

SHARE CAPITAL STRUCTURE

Share Capital	Authorized	Outstanding August 31, 1968	Outstanding November 30, 1968 (1)	To be Outstanding on Completion of this Financing
Shares without nominal or par value	4,500,000 shares (\$5,000,000)	702,450 shares (\$617,150)	1,053,675 shares (\$617,150)	3,053,675 shares (\$4,667,150)

(1) These figures reflect the change in the capitalization on the subdivision of the issued shares effective November 13, 1968, on the basis of 1½ shares for each 1 share outstanding.

Description of the Shares

The authorized share capital of the Company consists of 4,500,000 shares without nominal or par value, of which 2,000,000 shares are being offered by this prospectus. The shares are entitled to dividends as and when declared by the board of directors; are entitled to one vote per share; are entitled, upon liquidation, to receive pro rata such assets of the Company as are distributable to shareholders and have no preemptive or conversion rights. The outstanding shares and the shares hereby offered are and will be fully paid and non-assessable. The provisions relating to the shares of the Company can only be modified under the relevant provisions of the Companies Act of Alberta and the Articles of Association of the Company.

Dividend Record

No dividends have been paid on any shares of the Company since the date of its incorporation. It is not contemplated that the Company will pay dividends in the near future.

PLAN OF DISTRIBUTION

Under an agreement dated October 29, 1968 made between the Company and Richardson Securities of Canada (the Underwriter) the Company agreed to sell and the Underwriter has agreed to purchase, as principal, all the 2,000,000 shares offered by this prospectus at a price of \$2.025 per share subject to compliance with the necessary legal formalities and to the terms and conditions stated in the said agreement, such price to be payable in cash on delivery of certificates in definitive form representing such shares. The Underwriter is committed to purchase all of the shares subject to the terms, conditions and provisions of the said agreement.

The Directors of the Company have each given an undertaking to the Underwriter not to sell any of their present shareholdings within 6 months of the date of this prospectus, nor to sell more than 25% of such shareholdings in each 3 month period during the succeeding 12 month period.

The following table is a comparison in terms of percentages of the securities being offered to the public for cash under this prospectus and the securities issued to directors and officers of the Company for cash and property:

Securities Offered to Public Under this Prospectus	Securities Issued to the Present Directors and Officers of the Company
65.49%	14.56%

calculated on the basis of there being 3,053,675 shares outstanding.

MANAGEMENT

Directors and Officers

The name and home addresses in full of the directors and officers of the Company, the positions and offices held, and their principal occupations within the five preceding years are as follows:

Name and Address	Office	Principal Occupation
Richard Arthur Northwood Bonnycastle R.R. No. 5, Calgary, Alberta.	Director	President of Gardyne Management Limited; formerly Special Representative of Richardson Securities of Canada
Walter Howard Carruthers, 3010 Glencoe Road S.W., Calgary, Alberta.	Director	Area Representative of Cominco Ltd.
Hugh Mackay Considine, 740 - 15th Avenue S.W., Calgary, Alberta.	Director and President	President of the Company and Partner, McDonald & Considine, Barristers & Solicitors, Legal Counsel for the Company and its subsidiaries
Nicholas Jefferson Coolidge, 180 East End Avenue, New York, New York, U.S.A.	Director	Vice-President of Kidder, Peabody & Co. Incorporated; formerly associated with the New York law firm of Sullivan & Cromwell
Thomas Kneale Craine, 4811 Nipawin Crescent N.W., Calgary, Alberta.	Treasurer	President, Craine Accounting Services Ltd.; formerly Accountant with Canadian Homestead Oils Ltd.
Edward Price Kenney, 5104 Nesbitt Road N.W., Calgary, Alberta.	Managing Director and Vice-President	Managing Director and Vice-President of the Company; formerly Land Consultant
Dr. Leon Patrick Malloy, 64 Medford Place, Calgary, Alberta.	Director	Physician
Robert Howard O'Connor, 3033 - 6th Street S.W., Calgary, Alberta.	Director, Vice-President and Secretary	Vice-President and Secretary of the Company; formerly Consulting Geologist and Vice-President of Pinnacle Petroleums Ltd.

The Company's management is headed by a group experienced in the petroleum industry. H. M. Considine, President, served in the Treasury Department of Mobil Oil Company in both London and New York and in the Legal Department of Bailey Selburn Oil & Gas Ltd. (now amalgamated with Pacific Petroleums Ltd.) prior to entering private practice with the law firm of McDonald & Considine.

R. H. O'Connor, P. Geol., the Vice-President and Secretary, has held a variety of geological and engineering positions with both major and independent oil companies in Western Canada during the last 18 years. He has held positions as Chief Geologist for Canadian Homestead Oils Ltd., and as Vice-President of Pinnacle Petroleums Ltd.

E. P. Kenney, Managing Director and Vice-President, started his oil industry career with Seaboard Oil Company in 1952 and has been active in the industry since that date. In recent years he has been in private practice as a Land Consultant to various oil companies in Western Canada.

Remuneration of Directors and Senior Officers

The aggregate direct remuneration paid by the Company to senior officers of the Company (i) during its last completed financial year ended December 31, 1967 was nil and (ii) for the period from January 1, 1968 to October 31, 1968 was \$9,000. No remuneration was paid to directors of the Company as such for either of those periods. No remuneration was paid to senior officers or directors of the Company's subsidiaries for either of those periods. Legal fees have been paid and will be paid by the Company to McDonald & Considine, the Company's solicitors of which H. M. Considine is a partner.

H. M. Considine, E. P. Kenney and R. H. O'Connor, as senior officers of the Company, have entered into separate Employment Contracts with the Company, each for a period of 3 years. These Employment Contracts provide for a total remuneration of \$52,000 in calendar year 1969, \$56,000 in calendar year 1970 and \$60,000 in calendar year 1971 to be paid by the Company to the said officers.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Pursuant to two agreements both between the Company and Leora Minerals Ltd. (N.P.L.) (Leora) dated respectively August 30, 1968 and August 31, 1968 the Company purchased from Leora all the assets and undertakings of Leora consisting of the mineral claims described on page 8 under the heading Mineral Claims and all of the outstanding shares in the share capital of Citadel, for a consideration consisting of 101,200 shares of the Company and the sum of \$11,400. For book purposes the said shares of the Company were valued at \$1.00 per share for an aggregate consideration paid of \$112,600. Leora was a public company and this transaction was approved by Special Resolution of its shareholders and ruled a non-primary distribution by the Alberta and British Columbia Securities Commissions. Citadel was a wholly-owned subsidiary of Leora.

There was no independent appraisal of the valuation of the assets of Leora at the time of their acquisition by the Company. The valuation was determined by the mutual agreement of the management of the two companies.

The following directors, senior officers and shareholders of the Company owned beneficially and of record the numbers of shares of Leora, out of a total of 1,012,005 shares issued and then outstanding, in accordance with the following tabulation:

Name and Address	Relationship to the Company	Shares with par value of \$.50 of Leora Minerals Ltd. (N.P.L.)	Percentage of Total Shares Held
Robert Howard O'Connor, 3033 - 6th Street S.W., Calgary, Alberta.	Director, Vice-President and Shareholder	116,590	11.52%
Hugh Mackay Considine, 740 - 15th Avenue S.W. Calgary, Alberta.	Director, President and Shareholder	116,230	11.48%
Edward Price Kenney, 5104 Nesbitt Road N.W., Calgary, Alberta.	Managing Director, Vice-President and Shareholder	83,400	8.24%

Upon the liquidation of Leora, each of the above mentioned persons received a greater than 5% interest in the shares of the Company received by Leora in payment for its assets and undertakings. The following persons also received a greater than 5% interest in the shares of the Company received by Leora.

Name	Address
John MacIntosh Bird	970 King George's Way, West Vancouver, British Columbia
Leonard Earl Peckham	P.O. Box 387, Okotoks, Alberta
Robert Campbell Todd	Sub. P.O. 46 Calgary, Alberta
Sidney Welsh	733 Beatty Street, Vancouver 3, British Columbia

PRINCIPAL HOLDERS OF SHARES

As at November 30, 1968 the following persons owned, of record and beneficially, more than 10% of the issued and outstanding shares of the Company:

<u>Name and Address</u>	<u>Number of Shares Owned</u>	<u>Percentage of Class</u>
Edward Price Kenney 5104 Nesbitt Road N.W. Calgary, Alberta	112,785	10.70%
Robert Howard O'Connor 3033 - 6th Street S.W. Calgary, Alberta	117,763	11.18%
Hugh Mackay Considine 740 - 15th Avenue S.W. Calgary, Alberta	117,709	11.17%

As at November 30, 1968 the directors and senior officers as a group owned, of record and beneficially 510,702 of the outstanding shares of the Company representing the percentage set forth in the table below.

<u>Description of Class</u>	<u>Percentage of Class</u>
Shares without nominal or par value	48.47%

Reference is made to the heading Plan of Distribution on page 10 and to the undertakings of each of the directors given to the Underwriter in respect to the sale of the shares of the Company owned by each director.

PRIOR SALES

The Company privately sold for cash 513,750 shares within the twelve months prior to the date of this prospectus at the price of \$1.00 per share. In addition reference is made to page 12 with respect to the issuance of 101,200 shares to Leora. These shares were subsequently subdivided on the basis of 1½ shares for each outstanding share.

With respect to the balance of the issued shares, reference is made to Notes 3 and 4 of the Consolidated Financial Statements of the Company and its subsidiaries on page 18.

MATERIAL CONTRACTS

Particulars regarding material contracts entered into by the Company within the 2 years preceding the date hereof, other than contracts in the ordinary course of business, are as follows:

1. An underwriting agreement dated October 29, 1968 made between Richardson Securities of Canada and the Company, referred to under the heading Plan of Distribution on page 10. This agreement relates to the 2,000,000 shares of the Company which are the subject matter of this prospectus.
2. The two agreements dated August 30, 1968 and August 31, 1968 respectively, made between the Company and Leora whereby the Company purchased all the assets and undertakings of Leora, referred to under the heading Interest of Management and Others in Material Transactions on page 12.

Copies of these agreements may be inspected at the head office of the Company at 203 Oil Exchange Building, Calgary, Alberta while the shares offered by this prospectus are in the course of primary distribution and for 30 days thereafter.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The Company's auditors are Messrs. Peat, Marwick, Mitchell & Co., 309 - 8th Avenue S.W., Calgary 2, Alberta.

The transfer agent and registrar for the shares of the Company is The Canada Trust Company at its offices at 1657 Barrington Street, Halifax; 631 Dorchester Boulevard W., Montreal; 110 Yonge Street, Toronto; 230 Portage Avenue W., Winnipeg; 528 - 8th Avenue S.W., Calgary; and 901 West Pender Street, Vancouver.

AUDITORS' REPORT

To the Directors,
Ulster Petroleums Ltd.

We have examined the consolidated balance sheet and pro forma consolidated balance sheet of Ulster Petroleums Ltd. and subsidiary companies as at August 31, 1968 and the consolidated statements of profit and loss and deficit and source and application of funds for the period March 13, 1963, date of commencement of operations, to August 31, 1968 and for the eight months ended August 31, 1967. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion:

(a) The accompanying consolidated balance sheet presents fairly the financial position of the company and subsidiary companies as at August 31, 1968;

(b) The accompanying pro forma consolidated balance sheet presents fairly the financial position of the company and subsidiary companies consolidated as at August 31, 1968 after giving effect to the changes set forth in Note 6;

(c) The accompanying consolidated statements of profit and loss and deficit and source and application of funds present fairly the results of operations and the source and application of funds of the company and subsidiary companies consolidated for the period March 13, 1963, date of commencement of operations, to August 31, 1968 and for the eight months ended August 31, 1967 as more fully set forth in Note 1;

all in accordance with generally accepted accounting principles applied on a consistent basis.

Calgary, Alberta,
December 11, 1968

(Signed) PEAT, MARWICK, MITCHELL & Co.,
Chartered Accountants

ULSTER PETROLEUMS LTD. AND SUBSIDIARY COMPANIES

Consolidated Balance Sheet (Note 1) and Pro Forma Consolidated Balance Sheet August 31, 1968

	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet (Note 6)
Assets		
CURRENT ASSETS:		
Cash.....	\$ 290,463	\$4,086,243
Deposit receipts.....	125,000	125,000
Accounts receivable.....	2,015	2,015
Refundable deposits.....	37,103	37,103
Total current assets.....	454,581	4,250,361
FIXED ASSETS — AT COST:		
Production and other equipment.....	10,767	10,767
Less accumulated depreciation.....	2,043	2,043
	8,724	8,724
Interest in petroleum and natural gas developed leases	19,336	19,336
Less accumulated depletion.....	4,278	4,278
	15,058	15,058
Non-producing petroleum and natural gas leases, permits, reservation and interests therein.....	330,758	415,118
Mining claims and exploration costs capitalized thereon.....	92,832	92,832
INCORPORATION COSTS:	4,658	4,658
	<u>\$ 906,611</u>	<u>\$4,786,751</u>
Liabilities		
CURRENT LIABILITIES:		
Due to bank	\$ 38,000	\$ —
Accounts payable and accrued liabilities.....	272,278	180,418
Total current liabilities.....	310,278	180,418
SHAREHOLDERS' EQUITY:		
Share Capital (Notes 3 and 4):		
Authorized 3,000,000 shares without nominal or par value (Pro forma 4,500,000 shares)		
Issued: 548,750 shares for cash (Pro forma 2,823,125 shares)	513,850	4,563,850
153,700 shares for maps, land leases and other assets (Pro forma 230,550 shares)	103,300	103,300
Total <u>702,450</u> shares (Pro forma 3,053,675 shares)	617,150	4,667,150
Deficit	20,817	60,817
	596,333	4,606,333
COMMITMENT (Note 5)	<u>\$ 906,611</u>	<u>\$4,786,751</u>

Approved on behalf of the board:

(Signed) H. M. CONSIDINE, Director

(Signed) E. P. KENNEY, Director

See accompanying notes.

ULSTER PETROLEUMS LTD. AND SUBSIDIARY COMPANIES

Consolidated Statement of Profit and Loss and Deficit (Note 1)
For the Period March 13, 1963, Date of Commencement of Operations, to August 31, 1968

	For the period March 13, 1963, date of commencement of operations, to December 31, 1963	For the year ended December 31			Eight months ended August 31	
		1964	1965	1966	1967	1968
SALES	\$38,616	\$18,356	\$2,505	\$3,790	\$1,920	\$ 400
COST OF SALES:						
Cost of lands and leases sold	17,700	6,423	636	4,558	847	10
Cost of lands and leases surrendered	—	1,530	801	—	—	—
Lease rentals	—	750	800	1,404	2,081	640
	17,700	8,703	2,237	5,962	2,928	650
	20,916	9,653	268	(2,172)	929	1,270
Gross profit (loss)						(4,069)
Oil and gas royalties	—	—	304	1,425	1,227	623
Other income	—	194	8	687	—	1,853
	20,916	9,847	580	(60)	2,156	(1,593)
EXPENSES:						
Technical	11,198	6,178	397	148	1,396	603
General and administrative	12,938	541	421	233	1,082	663
Interest on long term debt	115	178	195	195	194	130
Depreciation	—	—	—	—	—	229
Loss on disposal of capital assets	—	—	—	—	1,900	1,058
	24,251	6,897	1,013	576	4,572	1,396
	(3,335)	2,950	(433)	(636)	(2,416)	788
Net profit (loss)						(16,947)
Deficit at beginning of period	—	3,335	385	818	1,454	3,870
Deficit at close of period	\$ 3,335	\$ 385	\$ 818	\$1,454	\$ 666	\$20,817

See accompanying notes.

ULSTER PETROLEUMS LTD. AND SUBSIDIARY COMPANIES

Consolidated Statement of Source and Application of Funds (Note 1)

For the Period March 13, 1963, Date of Commencement of Operations, to August 31, 1968

	For the period March 13, 1963, date of commencement of operations, to December 31, 1963	For the year ended December 31			Eight months ended August 31	
		1964	1965	1966	1967	1968
SOURCE OF FUNDS:						
Issuance of stock—for cash	\$ 100	\$ —	\$ —	\$ —	\$ —	\$513,750
—for other consideration	100	2,000	—	—	—	101,200
3% Subordinate Debentures	10,000	—	—	—	—	—
Proceeds on disposal of capital assets	—	—	—	—	—	40
	10,200	2,000	—	—	—	614,990
APPLICATION OF FUNDS:						
Net loss (profit) for the period	3,335	(2,950)	433	636	2,416	16,947
Expenses not requiring an outlay of cash:						
Depreciation	—	—	—	—	—	229
Accrued interest—long term debt	115	178	195	195	194	130
Loss on capital assets	—	—	—	—	1,900	—
	115	178	195	195	2,094	130
	3,220	(3,128)	238	441	322	(918)
Acquisition of investments	1,151	2,002	—	705	—	—
Production equipment	—	—	—	—	—	8,953
Petroleum and natural gas developed properties	—	—	—	—	—	15,058
Non-producing petroleum and natural gas leases, permits, and interest therein	—	—	—	—	—	329,898
Mining claims and exploration costs capitalized thereon	—	—	—	—	—	92,832
Reduction in 3% Subordinate Debentures	—	3,500	—	—	—	7,377
Costs of incorporation	384	—	—	—	—	4,274
	1,535	5,502	—	705	—	458,392
	4,755	2,374	238	1,146	322	(918)
Increase (decrease) in working capital	\$ 5,445	(\$ 374)	(\$ 238)	(\$1,146)	(\$ 322)	\$140,938

See accompanying notes.

ULSTER PETROLEUMS LTD. AND SUBSIDIARY COMPANIES

Notes to Consolidated Financial Statements

1. Principles of Consolidation:

The consolidated balance sheet includes the accounts of Ulster Petroleum Ltd. and its wholly-owned subsidiaries, Citadel Petroleum Ltd. and Ulster Petroleum, Inc. All of the outstanding shares of Citadel Petroleum Ltd. were acquired on August 30, 1968. The excess of the purchase price of the shares of Citadel Petroleum Ltd. over the underlying net book value at date of acquisition, amounting to \$46,577, has on consolidation been added to mining claims. Ulster Petroleum, Inc. was incorporated under the laws of the State of Delaware, U.S.A. on August 20, 1968 and commenced operations on August 21, 1968.

Inter-company balances have been eliminated on consolidation.

The statement of profit and loss includes only the operating results of Ulster Petroleum Ltd. as the date of purchase of the shares of Citadel Petroleum Ltd. was August 30, 1968 and Ulster Petroleum Ltd. held no shares prior to this date. The operations of Citadel Petroleum Ltd. for the ten months ended August 31, 1968 resulted in a loss of \$937. The only operations of Ulster Petroleum, Inc. from August 21, 1968 to August 31, 1968 were the acquisition of interests in leases in Alaska and these transactions have been reflected in the Statement of Source and Application of Funds.

2. Accounting Principles:

All petroleum and natural gas exploratory costs, non-productive drilling costs, carrying charges on undeveloped properties and property abandonments are charged to expense as incurred. Lease acquisition and drilling costs applicable to productive wells are capitalized and depleted on a unit of production method.

3. Share Capital:

During the year the company increased its authorized share capital from 200,000 shares without nominal or par value which may be issued for a maximum price or consideration not to exceed in the aggregate \$200,000 to 3,000,000 shares without nominal or par value which may be issued for a maximum price or consideration not to exceed in the aggregate the sum of \$5,000,000 by the conversion of 25,002 issued and fully paid shares without nominal or par value into stock and by the re-conversion of that stock into 87,500 shares without nominal or par value deemed to be issued as fully paid and non-assessable and by the creation of 2,737,502 new shares without nominal or par value.

Shares in the capital stock of the company have been issued as follows:

<u>Year issued</u>	<u>No. of shares</u>		
1963	10,002	For cash	\$ 100
	10,000	For maps purchased from W. R. Boswell and R. C. Todd both of Calgary	100
1964	5,000	For land leases and maps purchased from E. P. Kenney, a director	2,000
	25,002		2,200
1968	87,500	(in exchange for 25,002 shares)	2,200
	513,750	For cash	513,750
	101,200	For Leora assets	101,200
	702,450		\$617,150

Subsequent to August 31, 1968 the company changed its share capital as more fully set out in Note 4.

4. Events subsequent to August 31, 1968:

(a) The company acquired a 50% undivided interest in Drilling Reservation 1868 in the Williams Creek area of Alberta comprising 11,040 gross acres for a cash consideration of \$84,360.

(b) All the issued and paid-up shares of the company at August 31, 1968 being 702,450 shares without nominal or par value were converted into stock and such stock was re-converted into 1,053,675 paid-up shares without nominal or par value.

(c) The number of shares without nominal or par value which the company was authorized to issue was increased from 3,000,000 shares which may be issued for a maximum price or consideration not to exceed in the aggregate the sum of \$5,000,000 to 4,500,000 shares without nominal or par value which may be issued for a maximum price or consideration not to exceed in the aggregate the sum of \$5,000,000.

(d) The Company repaid bank indebtedness in the amount of \$38,000 on September 25, 1968.

5. Commitment:

The Company and Ulster Petroleum Inc. are committed to drill 3 wildcat wells on certain exploration acreage in order to earn an interest in the acreage. It is not possible at this time to determine the cost of drilling these 3 wells but it is estimated that the total cost to drill will be \$2,000,000.

6. The pro forma consolidated balance sheet is after giving effect to the following transactions:

(a) The increase in the authorized share capital of the company from 3,000,000 shares without nominal or par value to 4,500,000 shares without nominal or par value.

(b) The conversion of all the issued and paid-up shares of the company at August 31, 1968 being 702,450 shares without nominal or par value into stock and the re-conversion of such stock into 1,053,675 paid-up shares without nominal or par value.

(c) The sale of 2,000,000 shares without nominal or par value for a cash consideration of \$4,050,000.

(d) The payment of legal, accounting and other expenses of financing estimated at \$40,000, which amount has been charged to deficit.

(e) The acquisition of a 50% undivided interest in Drilling Reservation 1868 in the Williams Creek area of Alberta comprising 11,040 gross acres for a cash consideration of \$84,360.

(f) The repayment of bank indebtedness in the amount of \$38,000 on September 25, 1968.

(g) The payment of the sum of \$163,742 (U.S.) with respect to the balance of acquisition costs of oil and gas leases in the State of Alaska upon the issuance of such leases.

CERTIFICATE OF THE COMPANY

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, by Part VII of The Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, and by Section 13 of the Securities Act (New Brunswick).

Dated: December 11, 1968

(Signed) H. M. Considine
President
Chief Executive Officer

(Signed) E. P. Kenney
Managing Director
and Vice-President
Chief Financial Officer

On behalf of the Board of Directors by:

(Signed) R. H. O'Connor, Director

(Signed) Leon P. Malloy, Director

DIRECTORS

Leon Patrick Malloy

Nicholas Jefferson Coolidge

Richard Arthur Northwood Bonnycastle

Edward Price Kenney

Robert Howard O'Connor

Walter Howard Carruthers

By his signature affixed below, Hugh Mackay Considine, has both personally and pursuant to the Powers of Attorney duly executed and signed this prospectus on behalf of the directors of the Company listed above.

(Signed) H. M. Considine

CERTIFICATE OF UNDERWRITER

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, by Part VII of The Securities Act, 1967 (British Columbia) and the regulations thereunder, by Part 7 of The Securities Act, 1967 (Alberta) and the regulations thereunder, by Part VIII of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder and by Section 13 of the Securities Act (New Brunswick).

Dated: December 11, 1968

RICHARDSON SECURITIES OF CANADA

By: (Signed) Donald H. McLandress

The following are the names of every person having an interest, either directly or indirectly, to the extent of not less than 5 per cent in the capital of Richardson Securities of Canada: George T. Richardson.

33. Describe all development accomplished and planned.	<p>The Company and its subsidiaries are engaged in exploration for and the development and production of, petroleum and natural gas in Canada and the State of Alaska. The Company has also acquired certain mineral claims in the Northwest Territories and intends to carry out a program of dewatering, geological and feasibility studies, crosscutting and underground diamond drilling on these properties in accordance with the recommendation contained in the report of N. W. Byrne. Prior to 1968 the Company's and Citadel Petroleums Limited's (NPL) operations were limited in nature and were directed towards acquiring interests in a small number of petroleum and natural gas leases in Alberta and participating in a number of "farmouts" on small tracts of land offsetting or near oil production in the Province of Saskatchewan. The Company intends to continue to acquire proven or semi-proven oil and gas reserves or interests therein in Western Canada. Recently the Company and Ulster Petrolums, Inc. acquired petroleum and natural gas rights on land in Alberta, the Northwest Territories, Yukon Territory and in the State of Alaska. The Company is committed to drill 3 wildcat wells on its exploration acreage during the coming twelve-month period.</p>
34. Date and author of mining or petroleum engineer's or geologist's report filed with this application and available for inspection on request.	<p>J. C. Sproule & Associates, Oil & Gas Engineering & Geological Consultants, 1009-4 Ave. SW, Calgary, report dated as of Aug. 1/68 and amending report dated Oct. 25/68. Norman W. Byrne, B.Sc., P. Eng., Consulting Mining Engineer of Yellowknife, N.W.T. report dated Sept. 10/68. James A. Lewis Engineering Co. Ltd., Petroleum Analysts, 500, 736-8 Ave. SW, Calgary, report dated Oct. 1/68.</p>
35. Full particulars of production to date.	<p>From the date of incorporation to August 31/68 the Company's only income from production of petroleum substances was the sum of \$3,679 from royalty payments. Since commencement of production up to August 31/68 Citadel Petroleums Limited, now a subsidiary of the Company, net crude oil production amounted to 7,683 barrels, having a gross value of \$19,802.</p>
36. Have any dividends been paid? If so, give date, per share rate, and amount paid in dollars on each distribution.	<p>No dividends have been paid on any shares of the Company since the date of its incorporation.</p>
37. Name and address of the solicitor or attorney whose certificate that the applicant is a valid and subsisting company and that the shares which have been allotted and issued were legally created and are fully paid and non-assessable has been filed with the Exchange.	<p>Hugh Mackay Considine, Barrister & Solicitor, c/o MacDonald & Considine, 426 Petroleum Building, Calgary 2, Alberta.</p>
38. (a) Have any shares of the Company ever been listed on any other stock exchange? If so, give particulars. (b) Is any application for listing the shares of the Company on any other stock exchange now pending or contemplated? If so, give particulars. (c) Has any application for listing of any shares of the Company ever been refused or deferred by any stock exchange? If so, give particulars.	<p>No</p> <p>No</p> <p>No</p>
39. Particulars of the principal business in which each officer and director has been engaged during the past five years, giving the length of time, position held and name of employing company or firm.	<p>Richard Arthur Northwood Bonnycastle—President of Gardyne Management Ltd., formerly special representative of Richardson Securities of Canada. Walter Howard Carruthers—Area Representative of Cominco Ltd. Hugh Makay Considine—President of the Company and partner McDonald & Considine, Barristers & Solicitors. Nicholas Jefferson Coolidge, Vice-President of Kidder, Peabody & Co., Incorporated; formerly associated with the New York law firm of Sullivan & Cromwell. Thomas Kneale Craine — President, Craine Accounting Services Ltd.; formerly Accountant with Canadian Homestead Oils Ltd. Edward Price Kenney—Managing Director and Vice-President of the Company; formerly Land Consultant. Dr. Leon Patrick Malloy—Physician. Robert Howard O'Connor—Vice-President and Secretary of the Company; formerly Consulting Geologist and Vice-President of Pinnacle Petroleums Ltd.</p>

40. The dates of and parties to and the general nature of every material contract entered into by the Company which is still in effect and is not disclosed in the foregoing. Except for management contracts, do not include particulars of any contract entered into in the ordinary course of business carried on or intended to be carried on by the Company.	Hugh Mackay Considine, Edward Price Kenney and Robert Howard O'Connor as senior officers of the Company have entered into separate employment contracts with the Company, each for a period of 3 years. These employment contracts provide for a total remuneration of \$52,000 in calendar year 1969, \$56,000 in calendar year 1970 and \$60,000 in calendar year 1971 to be paid by the Company to the said officers.
41. Any other material facts not disclosed in the foregoing.	Under agreements dated the 30th and 31st of August, 1968, made between the Company and Leora Minerals Ltd. (NPL) ("Leora"), the Company purchased the assets and undertakings of Leora for a consideration consisting of \$11,400 and 101,200 shares of the Company. Leora has since been voluntarily wound-up and the shares of the Company held by Leora, distributed to the shareholders of Leora on a pro rata basis.

42. **STATEMENT SHOWING DISTRIBUTION OF ISSUED CAPITAL**
(See Note 1)

as of January 21, 1969

FREE STOCK	Shares	Shares
(a) Distributed and in the hands of the public (exclusive of the promoters, officers and directors of the Company and their agents or trustees).	2,542,973	
(b) Distributed and in the hands of the promoters, officers and directors of the Company and their agents or trustees.	510,702	
Total free stock	3,053,675	
ESCROWED OR POOLED STOCK		
(c) Held in escrow or pool as set out in Item 19 of this application.	—	
Total issued capital	3,053,675	
RECORD OF SHAREHOLDERS		
Number of registered shareholders holding shares in class (a) above	679	
Number of registered shareholders holding shares in class (b) above	7	
Number of registered shareholders holding shares in class (c) above	—	

43. **STATEMENT SHOWING NUMBER OF SHAREHOLDERS**
(See Note 1)

as of January 21, 1969

Number	Shares
48 Holders of 1 — 99 shares	2,330
451 " " 100 — 499 "	75,732
58 " " 500 — 999 "	32,850
49 " " 1000 — 1999 "	61,342
9 " " 2000 — 2999 "	19,600
14 " " 3000 — 3999 "	48,549
4 " " 4000 — 4999 "	17,100
50 " " 5000 — up "	2,702,422
<u>683</u> * Stockholders	<u>2,959,925</u> *
* (See Note 2)	Total Shares

Dated at Calgary, Alberta the 27th day of January, 1969.

ULSTER PETROLEUMS LTD.



"H. M. CONSIDINE",
President

"R. H. O'CONNOR",
Vice-President & Secretary

SCHEDULE "A"

<u>Geographical Area</u>	<u>Type of Ownership Interest (Notes 1, 2 & 3)</u>	<u>Gross Acres (Note 4)</u>	<u>Net Acres (Note 4)</u>	<u>Interests Expressed as Net Leasable Acres (Note 4)</u>
<u>Northwest Territories</u>				
Banks Island	Permit	400,347	380,329	190,165
Banks Island	Royalty	485,646	4,856	2,428
Beaufort	Permit	43,342	21,671	10,835
Inuvik	Permit (Note 6)	331,200	165,600	82,800
Mackenzie Bay	Permit	222,288	111,144	55,572
<u>State of Alaska</u>				
Port Heiden	Lease (Note 6)	20,154	10,077	10,077
North Slope	Lease Application (Note 5)	346,461	47,462	47,462
Yukon Territory	Permit	26,618	26,618	13,309
Alberta	Lease (Note 6)	25,274	14,908	14,908
Alberta	Royalty	14,907	77	77
Alberta (Williams Creek)	Drilling Reservation (Note 6)	11,040	5,520	1,280
Saskatchewan	Lease	1,760	397	397
Saskatchewan	Royalty	1,120	30	30
Total		1,930,157	788,689	429,340

- (1) Permits in the Yukon and Northwest Territories and Arctic Islands are acquired from the Crown acting in the right of Canada. While regulations governing these Permits differ to some extent in various jurisdictions the basic procedure is that a company may acquire either through application or through competitive bidding, a Permit covering substantial blocks of Crown lands. Such Permit confers upon the holder thereof the right to lease the petroleum and natural gas rights under a specified percentage of Permit area. Selection of leases must generally be made in 4 to 10 years from the date on which the Permit is granted. Approximately 50% of the acreage shown as Permit acreage can be converted to leases; the balance then reverting to the Crown.
- (2) Crown Leases on Canadian lands have been acquired from the Crown acting in the right of Canada or the province concerned under regulations existing from time to time. These regulations differ to some extent in the various jurisdictions but in general confer on the lessee the right to remove all hydrocarbons and related substances subject to payment to the Crown of specified royalties on production and an annual rental of \$1.00 per acre. Royalty rates now in effect under Crown leases in Alberta on crude oil are on a sliding scale basis ranging from 8% to 16 $\frac{2}{3}$ % of production; natural gas liquids and sulphur 16 $\frac{2}{3}$ % of production; and on natural gas the greater of 16 $\frac{2}{3}$ % of the proceeds of production or $\frac{3}{4}$ ¢ per thousand cubic feet (MCF). The royalty rates in other jurisdictions are generally comparable to those in Alberta.

Freehold petroleum and natural gas leases obtained by a company on Canadian lands normally carry a flat 12 $\frac{1}{2}$ % royalty on crude oil, natural gas liquids, sulphur and natural gas. Such freehold leases are also subject to an annual rental, usually at a rate of \$1.00 per acre. In the State of Alaska petroleum and natural gas leases are issued either by the State or Federal authorities under regulations which in general confer on the lessees the right to remove all hydrocarbons and related substances subject to payment to the authorities of specified royalties on production and annual rentals. Royalty rates now in effect under Alaska State and Federal leases are 12.5% gross on all substances produced and marketed. Annual rentals on leases to be issued on the North Slope will be \$.50 (U.S.) per acre. Annual rentals on leases in the Port Heiden area are \$2.00 (U.S.) per acre.
- (3) The royalty interests held by the Company grant to the Company a percentage share, which varies from $\frac{1}{2}$ % to 3% of gross production or proceeds from production without any deduction for costs of exploration, development, operating royalty or maintenance. All such costs are borne by third parties which hold the working interests in the lands concerned.
- (4) Gross Acres represents the total of the acreage interests of the Company and others in each type of ownership interest prior to conversion of permit and drilling reservation acreage. Net Acres represents the interest of the Company in the gross acreage prior to conversion of permit and drilling reservation acreage to net leasable acres. Net Leasable Acres represent the interest of the Company following conversion of permit and drilling reservation acreage to lease.
- (5) Lease Application represents "Offers to Lease and Leases for Oil and Gas" which have been filed with and confirmed by the Bureau of Land Management of the Department of the Interior, Anchorage, Alaska. Leases have not yet been issued by the said Department.
- (6) The interests of the Company in these holdings are conditional upon the Company drilling wildcat or exploratory wells.

Note 1

The foregoing statements showing the number of shareholders of the Company and distribution of the share capital of the Company has been compiled from the list of recorded shareholders, provided and certified by the transfer agent as at the close of business on January 21, 1969.

Due to the large number of the Company's shareholders holding share certificates in "street form", the foregoing statement does not accurately reflect the number of shareholders or the distribution of 2,000,000 shares of the Company underwritten by Richardson Securities of Canada. Prior to January 20, 1969 Richardson Securities of Canada had sold the said 2,000,000 shares to 5,601 purchasers according to the following table of distribution:

<u>Size of Purchase</u>	<u>Number of Purchasers</u>	<u>Number of Shares</u>
1 - 24 shares	4	70
25 - 99 shares	539	26,955
100 - 199 shares	2,383	241,975
200 - 299 shares	1,319	267,850
300 - 399 shares	423	127,000
400 - 499 shares	154	62,450
500 - 999 shares	488	252,000
1,000 shares or over	291	1,021,700
Total	5,601	2,000,000

Note 2

Not included in the total number of shareholders and total number of shares are the following shareholders holding the number of shares as indicated, who have not exchanged their share certificates pursuant to the sub-division of the Company's outstanding share capital as at November 13, 1968 on the basis of 1.5 shares for 1 share.

<u>Name and Address of Shareholder</u>	<u>Old Shares Owned</u>	<u>New Shares Represented</u>
Kidder, Peabody & Co. Incorporated 20 Exchange Place New York, New York, U.S.A.	50,000	75,000
Frank P. Layton 901 Milner Building Edmonton, Alberta, Canada	2,500	3,750
John R. Pepper 728 Midland Savings Building Denver, Colorado, U.S.A.	10,000	15,000
Total	62,500	93,750

This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.

LISTING STATEMENT NO. 2425.

LISTED JANUARY 13, 1970.
8,000,000 shares without par value.
Stock Symbol "ULP".
Post Section 8.5.
Dial Quotation No. 1591.

FFR 17 1970

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

ULSTER PETROLEUMS LTD.

Incorporated under the laws of Alberta by Certificate of Amalgamation dated January 12, 1970, confirming the amalgamation agreement between Ulster Petroleum Ltd. and Abidonne Oils Ltd.

1. Address of the Company's Head Office and of any other offices:
The registered office of Ulster Petroleum Ltd. is located at 690 Pacific 66 Plaza, 700-6th Avenue S.W., Calgary 1, Alberta. The Company has no other offices.
2. Officers of the Company:

Office Held	Name	Address	Occupation
President	Hugh Mackay Considine	740-15 Avenue S.W. Calgary, Alberta	Barrister and Solicitor
Executive Vice-President	William Bruce Macdonald	177 Cherovan Drive S.W. Calgary, Alberta	Executive Vice-President of Ulster Petroleum Ltd.
Vice-President and Secretary	Edward Price Kenney	5104 Nesbitt Road N.W. Calgary, Alberta	Vice-President of Ulster Petroleum Ltd.
Manager of Special Projects	William Richard Boswell	11 Eagle Ridge Place S.W. Calgary, Alberta	Land Consultant
3. Directors of the Company:

Name	Address	Occupation
Hugh Mackay Considine	740-15 Avenue S.W. Calgary, Alberta	Barrister and Solicitor
William Bruce Macdonald	177 Cherovan Drive S.W. Calgary, Alberta	Executive Vice-President of Ulster Petroleum Ltd.
Edward Price Kenney	5104 Nesbitt Road N.W. Calgary, Alberta	Vice-President of Ulster Petroleum Ltd.
William Richard Boswell	11 Eagle Ridge Place S.W. Calgary, Alberta	Land Consultant
Richard Arthur Northwood Bonnycastle	R.R. 5 Calgary, Alberta	President of Harlequin Enterprises Ltd.
Nicholas Jefferson Coolidge	180 East End Avenue New York, New York	Vice-President of Kidder, Peabody & Co., Incorporated
Ronald David Ghitter	3601-5 Street S.W. Calgary, Alberta	Barrister and Solicitor
4. Names and addresses of all transfer agents:
The Transfer Agent of the Company is The Canada Trust Company at its principal offices in each of the cities of Vancouver, Calgary, Regina, Winnipeg, Toronto, Montréal, and Halifax.
5. Particulars of any fee charged upon transfer other than customary government taxes:
A fee of 50¢ is charged to the public for each share certificate issued, as well as the customary government stock transfer tax.

6. Names and addresses of all registrars:

The Registrar of the Company is The Canada Trust Company at its principal offices in each of the cities of Vancouver, Calgary, Regina, Winnipeg, Toronto, Montréal, and Halifax.

7. Amount of authorized capital: (The Company is authorized to issue 8,000,000 shares without nominal or par value, the maximum price or consideration for which such shares may be sold is \$12,000,000.)
8. Number of shares and par value:

9. Full details of all shares issued in payment for properties or for any other assets other than cash:

<u>Date</u>	<u>Number of Shares</u>	<u>Brief description of the properties or other assets and the aggregate consideration therefor, expressed in cash, shares, etc.</u>
January 12, 1970	3,053,675	Pursuant to the amalgamation agreement, each shareholder of Ulster Petroleum Ltd., the predecessor company, was deemed to have received one share in the Amalgamated Company in place of each share in the predecessor company, of which there were 3,053,675 outstanding.
January 12, 1970	2,243,000	Pursuant to the amalgamation agreement each shareholder of Abidonne Oils Ltd. received two-thirds of a share of the Amalgamated Company in place of each share in Abidonne, of which there were 3,364,500 outstanding.
Total.....	5,296,675	

10. Full details of all shares sold for cash: Nil.

11. Total number of shares issued: 5,296,675 shares without nominal or par value are presently issued as fully paid and non-assessable.

12. Number of shares now in treasury or otherwise unissued: 2,703,325 shares are unissued.

13. Particulars of any issued shares held in trust for the Company or donated for treasury purposes:
None.

14. Date of last annual meeting: The last Annual General Meeting of Ulster Petroleum Ltd. (the predecessor company) was held on April 29, 1969.

15. Date of last report to shareholders: On November 21, 1969, a proxy statement and information circular was sent to all shareholders of both predecessor companies.

16. Details of any treasury shares (or shares issued subject to payment or shares held for the benefit of the treasury) now under option or the subject of any underwriting or sales agreement. If none, this to be stated.	No shares of the Company are subject to any underwriting or sales agreement. For particulars of shares under option to certain employees of the two predecessor companies see the heading "Stock Options" on pages 29 and 30 of the proxy statement and information circular attached hereto.
17. Names and addresses of persons having any interest, direct or indirect, in underwritten or optioned shares or other securities or assignments, present or proposed.	Not applicable.
18. Details of any payments in cash or securities of the Company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	Not applicable.
19. Details of any shares pooled, deposited in escrow, non-transferable or held under any voting trust agreement, syndicate agreement or control.	See page 32 of the proxy statement under the heading "Escrowed Shares".

20. Names and addresses of owners of more than a 5% interest in pooled or escrowed shares and their shareholdings. (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	William R. Boswell, a director of the Amalgamated Company, is the beneficial owner of 166,260 of the escrowed shares of the Amalgamated Company, referred to in the previous item.																				
21. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<div>1. Richardson Securities of Canada, One Lombard Place, Winnipeg, Manitoba; 824,805 shares.</div> <div>2. William R. Boswell, 6th Floor, Pacific 66 Plaza, 6th Avenue & 6th Street, Calgary, Alberta; 452,602 shares of which 416,047 shares are in Escrow.</div> <div>3. Nesbitt, Thomson & Co. Ltd., 355 St. James Street West, Montréal 1, Québec; 219,336 shares.</div> <div>4. The Canada Trust Company, 528-8th Avenue S.W., Calgary 2, Alberta; 131,524 shares of which 76,907 are in Escrow—balance held for various accounts.</div> <div>5. Edward Price Kenney, 5104 Nesbitt Road N.W., Calgary, Alberta; 100,785 shares.</div>																				
22. Names and addresses of persons whose shareholdings are large enough to materially affect control of the Company.	No single shareholder holds sufficient shares to materially affect control of the Company.																				
23. Details of any registration with or approval or authority for sale granted by or any filing with a Securities Commission or corresponding Government body.	The proxy statement and information circular attached hereto has been filed for information with the Securities Commissions of Alberta, Ontario, and British Columbia.																				
24. Has any application for registration with or approval or authority for sale by or any filing with a Securities Commission or corresponding Government body ever been refused, cancelled, suspended or revoked? If so, give particulars.	None.																				
25. Particulars of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	None.																				
26. If assets include investments in cost or book value and present the shares or other securities of other companies, give an itemized statement thereof showing market value.	<div>The Amalgamated Company has 6 wholly-owned subsidiaries, Ulster Petroleums (Canada) Limited, Ulster Petroleums, Inc., Citadel Petroleums Limited, Boswell Minerals Limited., Parthenon Petroleums Ltd., and Abidonne Mines and Resources Ltd. The Amalgamated Company also holds the following securities:</div> <table><tr><td></td><td>Shares</td><td>Cost</td><td>Market Value</td></tr><tr><td>Cadillac Explorations Ltd.</td><td>13,000</td><td>\$102,122.95</td><td>\$ 79,300</td></tr><tr><td>United Bata Resources Ltd.</td><td>5,000</td><td>43,346.81</td><td>20,750</td></tr><tr><td>Hudsons Bay Oil and Gas Co. Ltd.</td><td>500</td><td>20,087.53</td><td>22,125</td></tr><tr><td>Total:</td><td></td><td>\$165,557.29</td><td>\$122,175</td></tr></table>		Shares	Cost	Market Value	Cadillac Explorations Ltd.	13,000	\$102,122.95	\$ 79,300	United Bata Resources Ltd.	5,000	43,346.81	20,750	Hudsons Bay Oil and Gas Co. Ltd.	500	20,087.53	22,125	Total:		\$165,557.29	\$122,175
	Shares	Cost	Market Value																		
Cadillac Explorations Ltd.	13,000	\$102,122.95	\$ 79,300																		
United Bata Resources Ltd.	5,000	43,346.81	20,750																		
Hudsons Bay Oil and Gas Co. Ltd.	500	20,087.53	22,125																		
Total:		\$165,557.29	\$122,175																		
27. Enumerate fully each of the following property classifications, giving claim or property numbers, approximate acreage, townships and mining camp or oil field: (a) Properties owned where titles vested in Company. (b) Properties leased. (c) Properties otherwise held. Give particulars of title held by the Company in each instance, (e.g. patented, unpatented, Crown granted; held under mining license, perpetual lease, etc.)	For particulars of Oil and Gas Properties, Gross Overriding Royalty Interests, and Mineral Properties of the Amalgamated Company, see particulars under the heading "Business of Ulster" on page 5 et seq. of the proxy statement, and under the heading "Business of Abidonne" on page 17 et seq. of the proxy statement.																				

28. Full particulars of any royalties or other charges payable upon production from each individual property.	See Item No. 27.
29. Names and addresses of vendors of any property or other assets intended to be purchased by the Company showing the consideration to be paid.	Not applicable.
30. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	Not applicable.
31. Are any lawsuits pending or in process against the Company or any of its properties, or are there any other circumstances which might affect the Company's position or title adversely? If so explain fully.	None.
32. Describe plant and equipment on property or properties.	The Amalgamated Company's producing wells are equipped with normal wellhead equipment. The Company owns no processing or refining plants.
33. Describe all development accomplished and planned.	Please refer to sub-headings "Exploration and Development" and "Reserves" under the heading "Business of Ulster" and "Business of Abidonne" on pages 8, 9 and 18 respectively of the proxy statement.
34. Date and author of mining or petroleum engineer's or geologist's report filed with this application and available for inspection on request.	Please refer to reports of James A. Lewis Engineering Co. Ltd. on pages 10 and 20 of the proxy statement.
35. Full particulars of production to date.	Please refer to Consolidated Statement of Profit and Loss and Deficit of Ulster Petroleums Ltd. and subsidiary companies on page 14 of the proxy statement, and Consolidated Statement of Income and Deficit of Abidonne Oils Ltd. and subsidiary companies on page 25 of the proxy statement.
36. Have any dividends been paid? If so, give date, per share rate, and amount paid in dollars on each distribution.	No dividends have been paid on any shares of either of the predecessor companies since the dates of their respective incorporations.
37. Name and address of the solicitor or attorney whose certificate that the applicant is a valid and subsisting company and that the shares which have been allotted and issued were legally created and are fully paid and non-assessable has been filed with the Exchange.	Hugh M. Considine Barrister and Solicitor c/o McDonald & Considine 426 Petroleum Building 310-9th Avenue S.W. Calgary 2, Alberta.
38. (a) Have any shares of the Company ever been listed on any other stock exchange? If so, give particulars.	No. The shares of Abidonne Oils Ltd., one of the predecessor companies, were listed on the Vancouver Stock Exchange.

ULSTER PETROLEUMS LTD.

CALGARY, ALBERTA

CANADA

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

DECEMBER 30, 1969

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of shareholders of Ulster Petroleum Ltd. will be held at the Palliser Hotel, 9th Avenue S.W., Calgary, Alberta on the 30th day of December, 1969, at 2 o'clock P. M. local time for the purposes of (i) considering and voting upon the adoption of a Memorandum of Agreement dated as of November 18, 1969, providing for the amalgamation of Ulster Petroleum Ltd. with Abidonne Oils Ltd. into an amalgamated corporation, "Ulster Petroleum Ltd.", a copy of which Memorandum of Agreement is annexed as Exhibit 1 to the attached Proxy Statement and information circular; and (ii) transacting such other business as may properly come before the meeting.

The close of business on October 31, 1969, has been fixed as the record date for the determination of shareholders entitled to notice of and to vote at said meeting.

You are invited to attend the meeting. If you are unable to do so, please sign, date and return the enclosed proxy.

By order of the Board of Directors,

Thomas K. Craine
Secretary

Dated: November 21, 1969

ULSTER PETROLEUMS LTD.

**PROXY STATEMENT
and
INFORMATION CIRCULAR**

FOR AN

**EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF
ULSTER PETROLEUMS LTD.**

TO BE HELD DECEMBER 30, 1969

This statement is furnished in connection with the solicitation by the management of Ulster Petroleum Ltd. ("Ulster") of proxies to be voted at the Extraordinary General Meeting of shareholders of Ulster to be held on December 30, 1969, and Ulster will bear the cost thereof. Holders of shares without nominal or par value of record at the close of business on October 31st, 1969 who are eligible to vote at meetings generally will be entitled to vote at the meeting, each such share entitling the holder to one vote. There are 3,053,675 shares without nominal or par value issued and outstanding and entitled to vote at the meeting. If the enclosed proxy is properly executed and returned to Ulster in care of The Canada Trust Company at its office at 528 - 8 Avenue S. W., Calgary 2, Alberta not less than 24 hours before the time for holding the meeting, all shares represented thereby will be voted in the manner specified, but if no such specification is made, they will be voted in favor of the proposed amalgamation unless the Memorandum of Agreement shall be terminated and abandoned in accordance with its terms prior to the vote with respect thereto. Shareholders who execute proxies may revoke them at any time before they are voted.

Reference to Ulster shall be deemed to include reference to Ulster's wholly-owned subsidiaries namely Ulster Petroleum (Canada) Limited, Ulster Petroleum, Inc. and Citadel Petroleum Limited unless the context indicates otherwise.

PROPOSED AMALGAMATION

The purpose of the meeting is to consider and vote upon a Memorandum of Agreement between Ulster and Abidonne Oils Ltd. ("Abidonne") providing for the amalgamation of such companies into an amalgamated Alberta corporation to be named Ulster Petroleum Ltd. (the "Amalgamated Company"). The amalgamation will become effective following issuance of a Certificate of Amalgamation by the Registrar of Companies for the Province of Alberta which is expected to be dated on or about January 15, 1970, and each share without nominal or par value of Ulster will be converted into one share without nominal or par value of Amalgamated Company and each share without nominal or par

value of Abidonne will be converted into 2/3 of a share without nominal or par value of the Amalgamated Company. On November 18, 1969, Ulster had 3,053,675 shares without nominal or par value outstanding and Abidonne had 3,364,500 shares without nominal or par value outstanding. Based on such numbers, when the amalgamation becomes effective, the Amalgamated Company will have 5,296,675 shares without nominal or par value outstanding. The authorized capital stock of the Amalgamated Company will be 8,000,000 shares without nominal or par value.

As soon as the amalgamation becomes effective, The Canada Trust Company, as Transfer Agent of the Amalgamated Company, will send to each shareholder of record of Abidonne a letter of transmittal, together with return envelope and instructions, instructing each shareholder of Abidonne to send his shares to the Transfer Agent and in return therefore the shareholder will receive the appropriate number of shares in the Amalgamated Company. Fractional shares of the Amalgamated Company will not be issued and, in lieu thereof, the shareholder will receive an amount of cash based upon the closing price of Ulster shares on the Toronto Stock Exchange on the closing date referred to in Clause 15 of the Memorandum of Agreement. Shareholders of Abidonne may obtain copies of the letter of transmittal and instructions from The Canada Trust Company at its principal offices in Calgary, Vancouver and Toronto.

In the opinion of the Boards of Directors of both Ulster and Abidonne the proposed amalgamation is in the best interests of the shareholders of both companies and the Amalgamated Company will provide a stronger financial and operational base than is available to the predecessor companies. In particular the Amalgamated Company, by combining the managerial, technical and financial resources of Ulster and Abidonne, will be in a stronger position than the predecessor companies to undertake a comprehensive program of exploration for oil and gas.

In recommending the basis for the amalgamation the Boards of Directors of both Ulster and Abidonne have given consideration to the financial status of both companies and to all other material factors including up-to-date valuations of oil and gas reserves and of unproven oil, gas and mineral rights, past operations, future growth opportunities and past market prices of the shares of the two companies. It is the opinion of the Directors of both companies that the basis for the amalgamation as set forth in the Memorandum of Agreement, is fair and equitable and a proper basis for the amalgamation.

The Memorandum of Agreement will be submitted to the shareholders of Abidonne for adoption at an Extraordinary General Meeting of that company which will be held on December 30, 1969.

The affirmative vote of shareholders representing at least three-fourths of the votes cast at the Extraordinary General Meetings of Ulster and Abidonne, respectively, is required for the adoption of the Memorandum of Agreement.

The Memorandum of Agreement may be terminated and the amalgamation abandoned by the action of either Ulster or Abidonne if certain conditions as set forth in the Memorandum of Agreement are not fulfilled. It is not contemplated that the Memorandum of Agreement will be terminated or abandoned for any reason other than failure on the part of Ulster or Abidonne to comply with its covenants and obligations thereunder. The amalgamation will become effective after (i) approval by the shareholders of Ulster and Abidonne at the Extraordinary General Meetings to be held on December 30, 1969, (ii) compliance with the laws of the Province of Alberta and (iii) satisfaction of all the conditions of the Memorandum of Agreement.

In accordance with the terms of the Memorandum of Agreement the Articles of Association of Ulster will become the Articles of Association of the Amalgamated Company.

CAPITALIZATION AFTER THE AMALGAMATION

The following table summarizes, as of September 30, 1969, the capitalization of Ulster and its consolidated subsidiaries, Abidonne and its consolidated subsidiaries and the Amalgamated Company on a pro forma basis:

<u>Title of Class</u>	<u>Ulster</u>	<u>Abidonne</u>	<u>Ulster and Abidonne Pro-Forma Combined</u>
Debt			
Bank Loans	nil	nil	nil
Balance of accounts payable over receivables	\$210,589	\$100,900	\$311,489
Capital Stock			
Shares without nominal or par value	3,053,675 (1)	3,364,500(1)	5,296,675(1)
Authorized:			
Ulster 4,500,000 shares without nominal or par value			
Abidonne 5,000,000 shares without nominal or par value			

Note:

- (1) This figure does not include 20,000 shares of Ulster and 32,500 shares of Abidonne reserved for issuance pursuant to stock options presently outstanding and to be outstanding upon the effectiveness of the amalgamation. See "Stock Options".

BOOK VALUE OF SHARES

There is set forth below a comparison of the book value per share of the shares of Ulster at September 30, 1969 with the shares of Abidonne at September 30, 1969 and a pro-forma for the Amalgamated Company.

	<u>Ulster</u>	<u>Abidonne</u>	<u>Amalgamated Company (Pro-Forma)</u>
Equity	\$4,543,339	\$1,803,709	\$6,347,048
Shares Outstanding as at September 30, 1969	3,053,675	3,364,500	5,296,675
Book Value per Share	\$ 1.49	\$.54	\$ 1.19

MARKET PRICE OF SHARES

Ulster's shares are listed on the Toronto Stock Exchange and Abidonne's shares are listed on the Vancouver Stock Exchange. The following table sets forth the high and low sales prices of the Ulster shares on the Toronto Stock Exchange and the Abidonne shares on the Vancouver Stock Exchange during the periods indicated.

<u>Year</u>	<u>Ulster</u>		<u>Abidonne</u>	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
1969				
First Quarter	\$6.50	\$4.05	\$4.00	\$3.75
Second Quarter	6.45	4.00	3.95	2.10
Third Quarter	5.35	2.65	3.00	2.00
Month of October	2.75	2.00	2.50	2.10

BUSINESS OF ULSTER

General

Ulster was incorporated as a private company under the laws of the Province of Alberta on March 11, 1963 and is presently engaged in the exploration for and the development of oil and gas properties in Canada, State of Alaska and the United Kingdom and in exploration for mineral properties in Canada. Prior to 1968 Ulster's operations were limited in nature and were directed towards acquiring interests in a small number of petroleum and natural gas leases in the Province of Alberta and participating in a number of "farmouts" on small tracts of land offsetting or near oil production in the Province of Saskatchewan. During 1968 and 1969 Ulster, under its present management, acquired petroleum and natural gas rights in Alberta, Saskatchewan, the Northwest Territories, Yukon Territory, The Hudsons Bay, State of Alaska and in the United Kingdom.

On September 17, 1968 Ulster became a public company and by prospectus dated December 11, 1968 Richardson Securities of Canada underwrote a public offering of 2,000,000 shares without nominal or par value netting the company's Treasury \$4,050,000, shortly thereafter the company's application for listing its shares on the Toronto Stock Exchange was granted.

As of September 30, 1969 Ulster held \$2,410,486 in cash or certificates of deposit. These funds will be available for further land acquisitions, geological and geophysical investigations of lands presently held or to be acquired and for exploratory drilling for oil and gas. The fulfillment of work obligations on oil and gas properties now held will require the expenditure of substantial sums.

Oil and Gas Properties

The nature and extent of Ulster's oil and gas properties, as of September 30, 1969, are summarized in the following table:

Non Producing Working Interests (8)

Geographical Area	Acreage		Reservation (4)	Underlying Interest Held Pursuant to	
	Gross (2)	Net (3)		Permit (5)	Lease (6)
Alberta	53,886	13,949	22,720		31,160
Saskatchewan	53,600	15,233	6,400	44,240	2,960
East Coast (Canada)	544,149	544,149		544,149	
Arctic Offshore	665,977	446,737		665,977	
Northwest Territories—Yukon . .	383,971	85,891		383,971	
Hudson's Bay	303,110	303,110		303,110	
Alaska	20,154	10,077			20,154
Alaska (10)	346,461	47,462			346,461
Montana	160	160			640
Italy Offshore	42,400	4,240		42,400	
United Kingdom	1,320,000	1,320,000		1,320,000	
United Kingdom (10)	1,200,000	1,200,000		1,200,000	
	<u>4,934,348</u>	<u>3,991,008</u>	<u>29,120</u>	<u>4,503,847</u>	<u>401,375</u>

Gross Overriding Royalty Interests (7)

Geographical Area	Acreage		Reservation	Underlying Interest Held Pursuant to	
	Gross (2)	Net		Permit (5)	Lease (6)
Alberta (9)	14,747				14,747
Arctic Offshore (9)	485,646			485,646	
	<u>500,393</u>			<u>485,646</u>	<u>14,747</u>

Mineral Properties

Geographical Area	Acreage		Underlying Interest Held Pursuant to	
	Gross (2)	Net (3)	Mineral Permit	Claims
Saskatchewan	384,000	384,000	384,000	
Manitoba	100,000	100,000	100,000	
Northwest Territories	1,827	1,827		1,827
British Columbia (Vancouver Island)	2,100	882		2,100
	<u>487,927</u>	<u>486,709</u>	<u>484,000</u>	<u>3,927</u>

- (1) With respect to properties located in Western Canada notes (4), (5) and (6) below summarize certain provisions of applicable Canadian law.
- (2) "Gross Acreage" means the total number of acres in which Ulster has a working interest.
- (3) "Net Acreage" means the aggregate of gross acres in each tract multiplied by the percentage of the working interest therein owned by Ulster.
- (4) Under the laws of the Provinces of Alberta and Saskatchewan the holder of a "Reservation" is, upon payment of certain fees, entitled to exclusive exploratory rights to the land subject to the reservation. A reservation in good standing may be converted into a lease covering up to one-half of the area of the reservation in the case of oil and the entire area in the case of natural gas, the balance being surrendered to the Crown.
- (5) Under the laws of the Province of Saskatchewan and the Northwest Territories, the holder of an oil and gas "Permit" if given exclusive exploratory rights subject to completion of the required exploratory work on the acreage held subject to the permit. Permits may be converted into leases generally covering up to one-half the area.
- (6) Canadian Crown "Leases" generally require the payment of a specific annual rental and subject producing acreage to a specified Crown Royalty. The term of the lease is usually ten years.
- (7) "Gross Overriding Royalty Interest Acreage" means acreage which is free and clear of expenses other than production taxes and ad valorem taxes. Ulster's gross overriding royalty interests survive a conversion from reservation or permit to lease, but terminate as to the lands included in that part of a reservation or permit which is surrendered. Generally Ulster has no control over what lands will be surrendered.
- (8) "Non-producing Working Interest Acreage" includes all leases and reservations or permits on which payment of rentals is required, and also includes permits or reservations which until converted to lease involve work obligations rather than rentals. As opposed to overriding royalty interest, working interests entail exploration, drilling and operating costs.
- (9) Ulster's overriding royalty interest vary from .5% to 2½%.
- (10) Claimed pursuant to lease applications (preferential filings). There is no assurance that Ulster will be issued leases covering all or any part of these lease applications.

Reservations and permits in Canada, in order to be kept in good standing require certain minimum expenditures as work obligations. Reservations generally require the expenditures from the second year on of from 7¢ to 40¢ per acre on a sliding scale over a maximum period of five years. Permits generally require the expenditure of from 5¢ to 50¢ per acre for periods ranging up to twelve years, depending on the location of the property and the length of time the permit has been held. Leases generally require a rental payment of \$1.00 per acre per annum over the term of the lease.

The United Kingdom Production Licenses require the drilling of at least five exploration wells, over a period of six years. The aggregate footage to be drilled is 30,000 feet.

Exploration and Development

From March 11, 1963, the date of incorporation, through 1967 Ulster operated on a limited scale as a private corporation whose principal activity was the purchase and sale of oil and gas rights in Western Canada. In 1968 Ulster acquired the assets and undertakings of Leora Minerals Ltd. (N.P.L.) consisting of all the outstanding shares of Citadel Petroleums Limited ("Citadel") and thirty-six (36) unpatented mineral claims located at Contact Lake in the Great Bear Lake area in the Northwest Territories. The principal asset of Citadel consisted of a 10% interest in two oil wells in the Benson Field and a 10% interest in one oil well in the Steelman Field, both in Saskatchewan. These wells contained proven crude oil reserves of approximately 30,000 barrels. According to a report dated September 10, 1968 of Norman W. Byrne, Consulting Mining Engineer of Yellowknife, on file with the Securities Commissions of British Columbia, Alberta, Saskatchewan and Ontario, underground work previously carried out on the mineral claims at Contact Lake established the existence of 32,963 tons of ore containing an average of 34.2 ounces silver and 0.32% uranium per ton. During 1969 Ulster carried out an extensive program of de-icing, de-watering and underground and surface exploration on the Contact Lake properties at an approximate cost of \$250,000. The final report on the results of this program is still in preparation but preliminary indications are that no substantial additions to the reserves previously established have been made.

In the latter part of 1968 Ulster obtained farmouts from other companies covering substantial acreages including approximately 19,000 gross acres of petroleum and natural gas leases near Williams Creek in Alberta, 330,000 gross acres of permits near Inuvik in the MacKenzie River Delta and approximately 20,000 gross acres of petroleum leases near Port Heiden in the State of Alaska. Ulster subsequently participated in the purchase of two Drilling Reservations and various petroleum and natural gas leases in the Williams Creek area. Pursuant to contracts entered into with a major oil company Ulster's commitment wells in the Williams Creek and Inuvik areas have been drilled at no cost to Ulster and as a result of these arrangements Ulster now owns a 10% working interest in approximately 33,440 gross acres in the Williams Creek area and a 10% interest in approximately 141,498 gross acres in the Inuvik area. Ulster holds options to acquire interests in a further 9,440 gross acres of leases in the Williams Creek area and in a further 189,702 acres in the Inuvik area. The Williams Creek properties which lie 20 to 30 miles south-southeast of the prolific Strachan-Ricinus gas fields are considered prospective for gas in the lower horizons and it is anticipated that further drilling and/or deepening of existing wells will take place in the near future on Ulster holdings. During 1968 and 1969 additional seismic exploration was carried out in the Port Heiden area in the State of Alaska and Ulster satisfied its farmout commitments by purchasing a 50% undivided interest in these prospective 20,000 acres of petroleum leases at a total cost of \$600,000 (U. S.)

Also in the latter part of 1968 Ulster acquired substantial holdings in the Northwest Territories, the Yukon Territory and in the Beaufort Sea. Particulars of these holdings are set forth in the table of oil and gas properties under the heading "Business of Ulster". During 1969 a program of seismic exploration was carried out on Ulster's lands in the Beaufort Sea. The results of this program are presently being analyzed. In addition during this period Ulster acquired three prospecting permits in the Wollaston Lake area, two of which are located in Saskatchewan and one in Manitoba, covering approximately 750 square miles in total. A limited program of exploration carried out on these permits during 1969 has not established any commercially significant mineral interest on these properties.

During 1969 Ulster was granted eleven (11) licenses comprising approximately 1,240,000 acres located on or near the southern coast of England. Geological evaluations of these lands and a program of seismic exploration is now being carried out with a view to commencing exploratory drilling within eighteen months. The licenses are situated primarily in the Hampshire Permo Triassic Salt Basin. A wholly-owned subsidiary, Ulster Petroleums (Canada) Limited, has been incorporated to hold title to these licenses which are 100% owned by Ulster.

During 1969 Ulster also acquired a 10% working interest in an offshore concession adjacent to Vasto, Italy containing approximately 42,000 gross acres. This land is situated 10 miles from the San Salvo gas field and is offset by the Elf Italian Minerals concession on which offshore gas has been discovered.

Under a farmout from two major oil companies Ulster drilled four wells in the Elswick area of southeast Saskatchewan as a result of which it earned a 50% interest in approximately 2,320 acres of petroleum leases. One of these wells obtained production in the Midale formation and is currently producing at the rate of 20 barrels of oil per day. The remaining three wells were abandoned as dry holes.

Under a farmout from a major company covering approximately 44,000 acres of permit lands in the Eaton area of Saskatchewan, Ulster, by participating in the drilling of 6 Viking tests, will earn 25-50% interest in these lands. Three of these wells have been drilled and abandoned as dry holes. It is anticipated that the remaining three wells will be drilled during the next few months. Ulster holds options to acquire 25-50% interest in leases on an additional 3,040 acres and holds a 25% interest in two Drilling Reservations comprising approximately 5,920 gross acres.

During the spring of 1969 Ulster participated to the extent of 25% in drilling two exploratory wells in Toole County, Montana and Lambton County, Ontario. Both wells resulted in dry holes.

As a result of a program of geological exploration in north-central Vancouver Island Ulster has acquired an interest in 42 mining claims in the vicinity of Port McNeil. Ulster has a 42% interest in these claims. An Induced Polarization Survey on these properties was conducted during 1969 and further surface exploration including trenching and sampling is now being carried out.

In conjunction with other companies Ulster has 10% and 25% undivided interests in applications for petroleum leases over 346,000 gross acres in the North Slope of Alaska.

Reserves

A report of James A. Lewis Engineering Co. Ltd. is included below and describes and evaluates the proved reserves of the producing properties in which Ulster holds a working interest.

JAMES A. LEWIS ENGINEERING CO. LTD.

Petroleum Reservoir Analysts

736 EIGHTH AVENUE S.W.
CALGARY 2, ALBERTA

Ulster Petroleums Ltd.
Suite 203
309 Seventh Avenue S.W.
Calgary 2, Alberta

November 25, 1969

File: 9547

Attention: Mr. E. P. Kenney

Gentlemen:

In accordance with your instructions we have prepared an estimate of the proved oil reserves owned by Ulster Petroleums Ltd. The effective date of this appraisal is October 1, 1969.

Net reserves as used herein mean those crude oil reserves owned by Ulster Petroleums Ltd. after deduction of all royalty and overriding royalty interests. A detailed listing by property of ultimate recoveries and gross and net reserves is presented in Table 1. The interests owned by Ulster Petroleums Ltd. in these properties together with pertinent economic data is presented in Table 2.

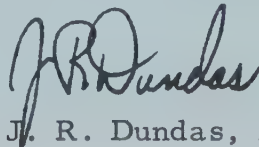
All of the reserves presented herein are from proved producing properties. The total proved oil reserves owned by Ulster Petroleums Ltd. as of October 1, 1969 have been estimated to be 44,100 barrels.

In the preparation of this report, we have had access to the offices and records of the company in Calgary, Alberta and conferred freely with officers and employees of the company. It was not necessary to conduct field examinations of the property conditions and the character of ownership and factual data furnished by the company have been accepted as represented.

We consent to the use of this report or any parts thereof and to the use of our name under the heading of "Reserves" in a proxy statement and information circulated to the shareholders of Ulster Petroleums Ltd. and Abidonne Oils Ltd.

Very truly yours,

JAMES A. LEWIS ENGINEERING CO. LTD.



J. R. Dundas, P. Eng.

JRD:dmw

SUMMARY OF PROVED OIL RESERVES AND ECONOMICS

October 1, 1969

Table 1

ULSTER PETROLEUMS LTD.

JAMES A. LEWIS ENGINEERING CO. LTD.

Petroleum Reservoir Analysts

9547; 11-24-69

Canadian Properties

Area	Gross Ultimate Recovery, Barrels	Cumulative Production to 10-1-69 Barrels	Gross Reserves, Barrels	NET	TO	ULSTER
				Reserves, Barrels	CASH FLOW	
					Undiscounted	Discounted @ 8%/Annum
<u>SASKATCHEWAN</u>						
Benson						
Benson Unit	10, 150, 000	3, 354, 000	6, 796, 000	20, 400	\$23, 500	\$15, 900
Elswick						
3-9-5-12 W. 2M	20, 000	1, 000	19, 000	16, 900	13, 600	12, 200
Steelman						
Lampman Unit	1, 516, 000	809, 000	707, 000	6, 800	9, 200	6, 500
Total Oil Reserves				44, 100	\$46, 300	\$34, 600

SUMMARY OF INTEREST AND ECONOMIC DATA

PROPERTIES ASSIGNED RESERVES

Table 2

October 1, 1969

ULSTER PETROLEUMS LTD.

JAMES A. LEWIS ENGINEERING CO. LTD.

Petroleum Reservoir Analysts

9547; 11-24-69

Canadian Properties

Area	ULSTER INTEREST		ROYALTIES PAYABLE		Crude Price,	100% OPERATING COSTS	
	Working, Per Cent	Royalty, Per Cent	Basic (1), Per Cent	Overriding, Per Cent	\$/Barrel	\$/Well/Mo.	\$/Year
Benson							
Benson Unit	0.34897	-	12.5	-	2.175	280-400	286, 000
Elswick							
3-9-5-12 W. 2M	100 (2)	-	CSS	1/150 (5-15) (2)	2.110	400	4, 800
Steelman							
Lampman Unit	1.175842	0.036745	12.5	7.5	2.710	420	61, 000

NOTES: (1) All properties subject to a 1.0 per cent road allowance royalty
(2) 100 per cent to payout, 50.0 per cent thereafter

AUDITORS' REPORT

To the Directors
Ulster Petroleums Ltd.

We have examined the consolidated balance sheet of Ulster Petroleums Ltd. and subsidiary companies as at September 30, 1969 and the Consolidated Statements of profit and loss and deficit and source and application of funds for the five years and nine months then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion:

- (a) The accompanying consolidated balance sheet presents fairly the financial position of the company and subsidiary companies at September 30, 1969.
- (b) The accompanying consolidated statements of profit and loss and deficit and source and application of funds present fairly the results of operations and source and application of funds of the company and subsidiary companies consolidated for the five years and nine months ended September 30, 1969;

all in accordance with generally accepted accounting principles applied on a consistent basis.

Calgary, Alberta
October 31, 1969

PEAT MARWICK MITCHELL & CO.
Chartered Accountants

ULSTER PETROLEUMS LTD.
AND SUBSIDIARY COMPANIES

Consolidated Balance Sheet

September 30, 1969

ASSETS

Current Assets:

Cash		\$ 160,486
Deposit receipts (Note 5)		2,250,000
Accounts receivable		33,436
Accrued interest receivable		25,234
Prepaid expenses		2,106
Total current assets		2,471,262
Investment — at cost (quoted market value \$116,250)		165,557
Refundable deposits		85,600
Property, plant and equipment (Note 3)	\$1,871,763	
Less accumulated depreciation and depletion	15,471	1,856,292
Incorporation costs		4,259
		<u>\$4,582,970</u>

LIABILITIES

Current liabilities:

Accounts payable and accrued liabilities	\$ 93,040
Due under agreement to acquire foreign leases (\$163,743 U.S.) .	173,219
Total current liabilities	269,259

Shareholders' equity:

Capital stock (Note 4):	
Authorized — 4,500,000 shares without nominal or par value	
Issued — 3,053,675 shares	\$4,667,150
Deficit	353,439
	<u>4,313,711</u>

Commitment and guarantees (Note 5)

\$4,582,970

See accompanying notes.

ULSTER PETROLEUMS AND SUBSIDIARY COMPANIES

Consolidated Statement of Profit and Loss and Deficit

For the Five Years and Nine Months ended September 30, 1969

	For the year ended December 31				Nine Months ended September 30	
	1964	1965	1966	1967	1968	1968 (Unaudited)
REVENUE:						
Oil and gas sales and royalties.....	\$ —	304	1,425	1,227	2,315	1,571
Interest.....	—	—	—	—	5,388	1,964
Sales of leases.....	18,356	2,505	3,790	3,857	400	400
Other.....	194	8	687	—	—	—
	<u>18,550</u>	<u>2,817</u>	<u>5,902</u>	<u>5,084</u>	<u>8,103</u>	<u>3,935</u>
EXPENSES:						
Production.....	—	—	—	—	1,068	492
Cost of lands and leases sold.....	6,423	636	4,558	847	1,000	1,000
Dry holes and abandonments.....	1,530	801	—	—	—	—
Salaries.....	—	—	—	—	15,940	8,700
General and administrative.....	541	421	233	1,081	17,071	5,879
Technical and professional services...	6,178	397	148	1,396	13,190	2,372
Carrying costs on non-producing properties	750	800	1,404	2,081	22,456	3,448
Interest on long term debt.....	178	195	195	195	—	—
Exploration and development.....	—	—	—	—	6,996	1,145
Loss on disposal of capital assets....	—	—	—	1,900	1,002	1,058
Depreciation and depletion.....	—	—	—	—	1,713	600
	<u>15,600</u>	<u>3,250</u>	<u>6,538</u>	<u>7,500</u>	<u>80,436</u>	<u>24,694</u>
Net profit (loss).....	2,950	(433)	(636)	(2,416)	(72,333)	(20,759)
Deficit at beginning of period.....	3,335	385	818	1,454	3,870	3,870
Expenses of share issue.....	—	—	—	—	46,596	—
Deficit at close of period.....	<u>\$ 385</u>	<u>818</u>	<u>1,454</u>	<u>3,870</u>	<u>122,799</u>	<u>24,629</u>

See accompanying notes.

ULSTER PETROLEUMS LTD. AND SUBSIDIARY COMPANIES

Consolidated Statement of Source and Application of Funds

For the Five Years and Nine Months ended September 30, 1969

	For the Year ended December 31					Nine months ended September 30	
	1964	1965	1966	1967	1968	1969	(Unaudited)
SOURCE OF FUNDS:							
Issuance of shares— for cash \$ —		—	—	—	4,563,750	—	513,750
— for other consideration 2,000	2,000	—	—	—	101,200	—	101,200
Refund of deposits	—	—	—	—	—	86,417	—
Proceeds on disposal of capital assets .	—	—	—	—	—	331,336	—
	2,000	—	—	—	4,664,950	417,753	614,950
APPLICATION OF FUNDS:							
Net loss (profit) for the period	(2,950)	433	636	2,416	72,333	230,640	20,759
Expenses not requiring an outlay of cash:							
Depreciation	—	—	—	—	1,713	7,667	600
Accrued interest — long term debt .	178	195	195	194	—	—	—
Loss of capital assets	—	—	—	1,900	1,002	37,034	1,058
Other	—	—	—	—	205	(22)	—
	178	195	195	2,094	2,920	44,679	1,658
	(3,128)	238	441	322	69,413	185,961	19,101
Acquisition of investments	2,002	—	705	—	—	533,619	—
Production and other equipment	—	—	—	—	—	34,151	1,774
Non-producing petroleum and natural gas leases, permits, and interest therein	—	—	—	—	417,056	1,034,066	406,583
Mining claims and exploration costs capitalized thereon	—	—	—	—	93,656	249,743	89,577
Reduction in 3% Subordinate Debentures	3,500	—	—	—	7,377	—	7,377
Refundable deposits	—	—	—	—	114,495	57,522	36,504
Expense of share issue	—	—	—	—	46,596	—	—
Other	—	—	—	—	32,912	388	31,238
	5,502	—	705	—	712,092	1,909,489	573,053
	2,374	238	1,146	322	781,505	2,095,450	592,154
Increase (decrease) in working capital . .	\$ (374)	(238)	(1,146)	(322)	3,883,445	(1,677,697)	22,796

See accompanying notes.

ULSTER PETROLEUMS LTD. AND SUBSIDIARY COMPANIES

Notes to Consolidated Financial Statements

September 30, 1969

1. PRINCIPLES OF CONSOLIDATION

The consolidated balance sheet includes the accounts of Ulster Petroleum Ltd. and its wholly-owned subsidiaries, Citadel Petroleum Ltd., Ulster Petroleum, Inc. and Ulster Petroleum (Canada) Limited. All of the outstanding shares of Citadel Petroleum were acquired on August 30, 1968. The excess of the purchase price of the shares of Citadel Petroleum Ltd. over the underlying net book value at date of acquisition, amounting to \$46,577, has on consolidation been added to mining claims. Ulster Petroleum, Inc. was incorporated under the laws of the State of Delaware, U.S.A. on August 20, 1968. Ulster Petroleum (Canada) Limited was incorporated under the laws of England on May 30, 1969.

2. ACCOUNTING PRINCIPLES

Costs of projects in progress are initially capitalized and are included in the balance sheet in the caption "Property, plant and equipment" (see Note 3). Projects which result in production are transferred to the related fixed asset account and depreciation and depletion is provided accordingly. Projects, when abandoned and carrying costs on undeveloped properties are charged to expense.

The accounts of the company's foreign subsidiaries have been converted to Canadian dollars on the basis of the exchange rate in effect at the dates the transactions took place.

3. PROPERTY, PLANT AND EQUIPMENT

	Asset, at cost	Accumulated depreciation and depletion	Net book value
Non-producing petroleum and natural gas leases, royalties, permits and reservations and exploration costs thereon	\$1,409,659	—	\$1,409,659
Mining claims and exploration costs thereon . . .	343,388	—	343,388
Developed petroleum and natural gas leases including development thereon	68,392	5,075	63,317
Well and mine equipment	42,602	8,168	34,434
Office equipment	7,722	2,228	5,494
	<u>\$1,871,763</u>	<u>\$15,471</u>	<u>\$1,856,292</u>

4. STOCK OPTION

The company has reserved 25,000 shares of the share capital for issuance under an employees' stock option plan. Options covering 20,000 shares have been granted, exercisable on a cumulative basis, as to 20% of the shares in each of the years 1969 through 1973 at a price of \$2.1675 per share. The option expires on December 31, 1978.

5. The company has issued to and deposited with, the Government of Canada, non-interest bearing demand notes to be held as security for the performance of work obligations in respect to certain exploratory rights. The aggregate of such notes amounted to approximately \$86,500 at September 30, 1969.

The company has assigned \$50,000 of its deposit receipts as security for a letter of credit.

6. During the nine months ended September 30, 1969 the company paid \$53,856 as remuneration to directors and senior officers.

BUSINESS OF ABIDONNE

General

Abidonne was incorporated as a private company under the name of Totem Oils Ltd. on March 24, 1966 under the laws of the Province of Alberta. The name was changed to Abidonne Oils Ltd. on December 27, 1967 and the company was converted into a public company on January 9, 1968. The company commenced operations in November, 1966.

Abidonne owns interests in a number of producing oil and gas wells in the Provinces of Manitoba, Saskatchewan and Alberta, and holds petroleum and natural gas rights in several areas in these provinces as well as offshore acreage as set forth in the table below entitled Oil and Gas Properties.

As of September 30, 1969 Abidonne held \$1,109,070 in cash or certificates of deposit. These funds will be available for further land acquisitions, geological and geophysical investigations of lands presently held or to be acquired and for exploratory drilling for oil and gas,

By prospectus dated January 29, 1969, Abidonne sold through the Agency of Yorkshire Securities Ltd., Vancouver, British Columbia, 500,000 shares without nominal or par value to the public netting the company's Treasury \$1,250,000. On April 1, 1969 the shares of Abidonne were listed on the Vancouver Stock Exchange.

Oil and Gas Properties

The nature and extent of Abidonne's oil and gas properties, as of September 30, 1969 are summarized in the following table:

Non-Producing Working Interests (8)

Geographical Area	Acreage		Underlying interest Held Pursuant to		
	Gross (2)	Net (3)	Reservation	Permit (5)	Lease (6)
Alberta	67,982	51,819		22,960	45,022
Saskatchewan	640	640			640
Manitoba	320	320			320
Northwest Territories	531,640	531,640		531,640	
Arctic Islands	1,573,555	1,409,195		1,573,555	
Offshore East Coast	310,217	155,108		310,217	
Offshore Labrador	640,950	320,475		640,950	
Hudson Bay	609,372	609,372		609,372	
	<u>3,734,676</u>	<u>3,078,569</u>		<u>3,688,694</u>	<u>45,982</u>

Gross Overriding Royalty Interests (7)

Geographical Area	Acreage		Underlying interest Held Pursuant to		
	Gross (2)	Net	Reservation (4)	Permit (5)	Lease (6)
Alberta (non-Producing) (9)	139,278		119,680		19,598
Manitoba (non-Producing) (9)	160				160
Alberta (Producing) (9)	26,709				26,709
	<u>166,147</u>		<u>119,680</u>		<u>46,467</u>

Mineral Properties

Geographical Area	Acreage		Underlying interest Held Pursuant to	
	Gross (2)	Net (3)	Mineral Permit	Claims
Northwest Territories	516,101	505,582	499,271	16,830
Saskatchewan	1,843,434	276,515	1,482,700	360,734
Alberta	104,400	49,900	104,400	
	<u>2,463,935</u>	<u>831,997</u>	<u>2,086,371</u>	<u>377,564</u>

- (1) With respect to properties located in Western Canada notes (4), (5) and (6) below summarize certain provisions of applicable Canadian law.
- (2) "Gross Acreage" means the total number of acres in which Abidonne has a working interest.
- (3) "Net Acreage" means the aggregate of gross acres in each tract multiplied by the percentage of the working interest therein owned by Abidonne.
- (4) Under the laws of the Province of Alberta the holder of a "Reservation" is, upon payment of certain fees, entitled to exclusive exploratory rights to the land subject to the reservation. A reservation in good standing may be converted into a lease covering up to one-half of the area of the reservation in the case of oil and the entire area in the case of natural gas, the balance being surrendered to the Crown.
- (5) Under the laws of the Northwest Territories, the holder of an oil and gas "Permit" is given exclusive exploratory rights subject to completion of the required exploratory work on the acreage held subject to the permit. Permits may be converted into leases generally covering up to one-half the area.
- (6) Canadian Crown "Leases" generally require the payment of a specific annual rental and subject producing acreage to a specified Crown Royalty. The term of the lease is usually ten years.
- (7) "Gross Overriding Royalty Interest Acreage" means acreage which is free and clear of expenses other than production taxes and ad valorem taxes, Abidonne's gross overriding royalty interests survive a conversion from reservation or permit to lease, but terminate as to the lands included in that part of a reservation or permit which is surrendered. Generally Abidonne has no control over what lands will be surrendered.
- (8) "Non-producing Working Interest Acreage" includes all leases and reservations or permits on which payment of rentals is required, and also include permits or reservations which until converted to lease involve work obligations rather than rentals. As opposed to overriding royalty interests, working interests entail exploration, drilling and operating costs.
- (9) Abidonne's overriding royalty interests vary from 1% to 3%.

Reservations and permits in Canada, in order to be kept in good standing require certain minimum expenditures as work obligations. Reservations generally require the expenditures from the second year on of from 7¢ to 40¢ per acre on a sliding scale over a maximum period of five years. Permits generally require the expenditure of from 5¢ to 50¢ per acre for periods ranging up to twelve years, depending on the location of the property and the length of time the permit has been held. Leases generally require a rental payment of \$1.00 per acre per annum over the term of the lease.

Exploration and Development

In the latter part of 1968 Abidonne participated in a four-well Drilling Program in the Zama area of Northern Alberta. The wells were drilled on four quarter sections and resulted in two oil wells, one shut-in gas well and one dry hole. Abidonne earned a 15% interest in one oil well, a 5% interest in the other oil well and the shut-in gas well. These interests will reduce to 7½% and 2½% respectively after payout. Abidonne paid completion and whipstocking costs only on these wells.

Abidonne also participated in the drilling of two wells in the Mitsue area of Alberta. These wells are presently shut-in awaiting completion operations. The company earned a 30% working interest in one well and a 22½% interest in the other well. Abidonne also participated in a well in the Muskwa-Utikuma area of Alberta which was non-productive and was abandoned. By participating in this well, Abidonne earned a 30% interest in 160 acres and a 15% interest in 4,480 acres.

In 1968 Abidonne in partnership with another oil company obtained a 50% interest in substantial land holdings in Central Alberta. These lands were acquired on the basis of a geological study of the Leduc D3 formation. Five wells were drilled and subsequently abandoned on a portion of these properties. Prior to drilling the wells Abidonne farmed-out the majority of its interests in the wells.

Abidonne purchased a Permit in the Oyen area of Alberta. This permit was farmed-out to another oil company which drilled a well to earn a 50% interest in the lands at no cost to Abidonne. The well was abandoned as a dry hole. Abidonne also acquired substantial land holdings in the Arctic Islands, Hudson's Bay, the Northwest Territories and offshore East coast of Canada. In 1968 a 75% interest in certain offshore East coast permits was sold to other oil companies for cash considerations.

In 1969 Abidonne acquired the following mineral interests:

Northwest Territories	—	499,271 acres	—	100%
Wollaston Lake in Saskatchewan	—	192,000 acres	—	15%
Southeastern Saskatchewan	—	1,651,434 acres	—	15%

The majority of these lands were acquired for their Uranium potential. Aerial and Gravity surveys have been conducted on the Northwest Territories lands, and the results are now being evaluated. An extensive corehole program was conducted in Southeastern Saskatchewan and the results of this program are being compiled.

Abidonne also entered into a letter of intent with a major oil company which would provide for the drilling of four wells in the Steen River and Rainbow areas of Alberta. The letter of intent is subject to the preparation and approval of a satisfactory farmout agreement. It is the intention of Abidonne to farmout certain of these interests.

Reserves

A report of James A. Lewis Engineering Co. Ltd. is included below and describes and evaluates the proved reserves of the producing properties in which Abidonne holds a working interest or a gross overriding royalty interest.

JAMES A. LEWIS ENGINEERING CO. LTD.

Petroleum Reservoir Analysts

736 EIGHTH AVENUE S.W.
CALGARY 2, ALBERTA

Abidonne Oils Ltd.
690 Pacific 66 Plaza
700 Fifth Avenue S.W.
Calgary 1, Alberta

November 25, 1969
File: 9548

Attention: Mr. W. R. Boswell

Gentlemen:

In accordance with your instructions, we have prepared an estimate of the proved oil and gas reserves owned by Abidonne Oils Ltd. The effective date of this estimate is October 1, 1969.

Net reserves as used herein mean those crude oil and natural gas reserves owned by Abidonne Oils Ltd. after deduction of all royalty and overriding royalty interests. A detailed listing by property of ultimate recoveries and gross and net reserves is presented in Table 1. The interests owned by Abidonne Oils Ltd. in the various properties is presented in Table 2, together with pertinent economic data.

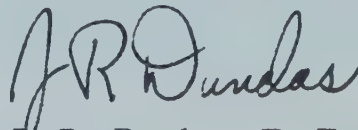
All of the reserves presented herein are from proved producing properties. Total proved net reserves owned by Abidonne as of October 1, 1969 have been estimated to be 150,800 barrels of oil and 14,090,000 Mscf of gas. The major portion of the company's cash flow is attributable to royalty income derived from gas production in the Medicine Hat area. Additional development is currently underway in the area to increase the present production rate from 3 million cubic feet per day to 5 million cubic feet per day. Abidonne's current royalty of 1.0 cents per Mscf will increase to 3.25 cents per Mscf by October 1, 1970, thus providing the company with an annual income of approximately \$59,000 from this property.

In the preparation of this report, we have had access to the offices and records of the company in Calgary, Alberta and conferred freely with officers and employees of the company. It was not necessary to conduct field examinations of the property conditions and the character of ownership and factual data furnished by the company have been accepted as represented.

We consent to the use of this report or any parts thereof and to the use of our name under the heading of "Reserves" in a proxy statement and information circulated to the shareholders of Ulster Petroleums Ltd. and Abidonne Oils Ltd.

Very truly yours,

JAMES A. LEWIS ENGINEERING CO. LTD.



J. R. Dundas, P. Eng.

JRD:dmw

Table 1

SUMMARY OF PROVED RESERVES AND ECONOMICS

October 1, 1969

ABIDONNE OILS LTD.

Canadian Properties

JAMES A. LEWIS ENGINEERING CO. LTD.

Petroleum Reservoir Analysts

9548; 11-24-69

Area	Gross Ultimate Recovery, Stb/Mscf	Cumulative Production to 10-1-69, Stb/Mscf	Gross Reserves, Stb/Mscf	NET	TO	ABIDONNE
				Reserves, Stb/Mscf	CASH FLOW	
					Undiscounted	Discounted @ 8% /Annum
<u>OIL RESERVES (1)</u>						
MANITOBA						
North Virden Scallion						
14-20-11-26 W. 1M and						
3-29-11-26 W. 1M	210,000	50,500	159,500	27,500	\$ 41,000	\$ 31,100
SASKATCHEWAN						
Parkman						
7-17-9-33 W. 1M	70,000	19,400	50,600	4,000	4,600	3,800
Rosebank						
13-25-4-32 W. 1M	135,000	44,600	90,400	9,700	14,900	11,500
ALBERTA						
Zama-Virgo						
16-31-114-5 W. 6M and						
14-19-114-6 W. 6M and						
8- 8-116-6 W. 6M	3,620,000	41,600	3,578,400	109,600	193,400	95,500
Total Oil Reserves				150,800	253,900	141,900
<u>GAS RESERVES (2)</u>						
ALBERTA						
Medicine Hat						
Twps. 11 & 12,						
Rge. 2 W. 4M	65,270,000	1,103,000	64,167,000	14,090,000	2,059,600	707,400
GRAND TOTAL					\$2,313,500	\$849,300

NOTES: (1) Net working interest possible reserves assigned to Abidonne Mitsue properties equal to 22,000 barrels under primary depletion and 66,000 barrels under water injection operations

(2) Net working interest possible gas reserves assigned to Abidonne Zama wells 14-19 & 1-30-114-6 W. 6M equal to 160,000 Mscf

Table 2

SUMMARY OF INTEREST AND ECONOMIC DATA

PROPERTIES ASSIGNED RESERVES

October 1, 1969

JAMES A. LEWIS ENGINEERING CO. LTD.
Petroleum Reservoir Analysts
 9548; 11-24-69

ABIDONNE OILS LTD.
 Canadian Properties

Area	<u>ABIDONNE INTEREST</u>		<u>ROYALTIES PAYABLE</u>		Hydrocarbon	<u>100% OPERATING COSTS</u>	
	<u>Working, Per Cent</u>	<u>Royalty, Per Cent</u>	<u>Basic (1), Per Cent</u>	<u>Overriding, Per Cent</u>	<u>Price, \$/Stb-¢ /Mscf</u>	<u>\$/Well/Mo.</u>	<u>\$/Year</u>
<u>ALBERTA</u>							
Zama-Virgo							
16-31-114-5 W. 6M	2.50	-	Crown	-	2.08	900	10,800
14-19-114-6 W. 6M	(2)	-	Crown	-	2.08	900	10,800
1-30-114-6 W. 6M	(3)	-	Crown	-	-	-	-
8- 8-116-6 W. 6M	10.0	-	Crown	-	2.08	900	10,800
Mitsue							
3-26-72-4 W. 5M	22.5	-	Crown	-	-	-	-
4-27-72-4 W. 5M	30.0	-	Crown	10.0	-	-	-
Medicine Hat							
Twps. 11 & 12, Rge. 2 W. 4M	-	(4)	-	-	(4)	-	-
<u>MANITOBA</u>							
North Virden Scallion							
14-20-11-26 W. 1M	20.0	-	12.5	-	2.51	450	5,400
3-29-11-26 W. 1M	18.75	-	12.5	-	2.51	450	5,400
<u>SASKATCHEWAN</u>							
Parkman							
7-17-9-33 W. 1M	10.0	-	12.5	7.5	2.39	450	5,400
Rosebank							
13-25-4-32 W. 1M	12.5	-	12.75	-	2.69	450	5,400

NOTES: (1) All Saskatchewan properties subject to a 1.0 per cent road allowance royalty
 (2) 15.0 per cent to payout, 7.5 per cent thereafter
 (3) 5.0 per cent to payout, 2.5 per cent thereafter
 (4) Royalty interest 1.5 cents per Mscf 10-1-69 to 10-1-70, 3.25 cents per Mscf thereafter

AUDITORS' REPORT

To the Directors
Abidonne Oils Ltd.
Calgary, Alberta

We have examined the consolidated balance sheet of Abidonne Oils Ltd. and subsidiary companies as at September 30, 1969 and the consolidated statements of income and deficit and source and application of funds for the period March 24, 1966 to September 30, 1969. Our examination included a general review of the accounting procedures and other such tests as we considered necessary in the circumstances.

In our opinion:

- (a) The accompanying consolidated balance sheet presents fairly the financial position of the company and its subsidiaries as at September 30, 1969,
- (b) The accompanying consolidated statement of income and deficit presents fairly the results of the operations of the company and its subsidiaries for the period March 24, 1966, to September 30, 1969,
- (c) The accompanying consolidated statement of source and application of funds presents fairly the source and application of the funds of the company and its subsidiaries for the period March 24, 1966 to September 30, 1969;

all in accordance with generally accepted accounting principles applied on a consistent basis.

COLLINS LOVE EDDIS VALIQUETTE & BARROW
Chartered Accountants

Calgary, Alberta
November 19, 1969

**ABIDONNE OILS LTD.
AND SUBSIDIARY COMPANIES**

Statement 1

Consolidated Balance Sheet

September 30, 1969

ASSETS

Current

Cash on deposit with banks		
Current accounts	\$	28,111
Deposit certificates (Note 3)		946,125
Accounts receivable		134,934
Inventory of petroleum and natural gas leases and rights (Note 2)		26,068
Prepaid expenses		5,934
		<hr/>
		1,141,172
Drilling and exploration deposits		76,730

Properties and equipment

Oil, gas and mineral properties (Note 2)		
Developed and undeveloped properties and equipment	\$	672,634
Royalty interests		148,695
Sundry equipment		54,139
		<hr/>
		875,468
Less: Accumulated depreciation and depletion		23,827
		<hr/>
		851,641
		<hr/>
	\$	<u>2,069,543</u>

LIABILITIES

Current

Accounts payable and accrued liabilities	\$	235,834
Provision for future income taxes (Note 1)		30,000

SHAREHOLDERS' EQUITY

Capital stock

Authorized

5,000,000 shares of no par value

Issued

3,364,500 shares (Note 4)

Deficit — Statement 2	\$	2,106,725
		<hr/>
		303,016
		<hr/>
		1,803,709
	\$	<u>2,069,543</u>

ABIDONNE OILS LTD.

Statement 2

AND SUBSIDIARY COMPANIES

Consolidated Statement of Income and Deficit

	November 1, 1968 to September 30, 1969	December 1, 1967 to October 31, 1968	March 24, 1966 to November 30, 1967
Income			
Oil operations (net)	\$ 8,278	\$ 2,760	\$ 956
Property sales	164,078	6,564	—
Royalties	4,649	394	236
Interest	47,803	—	—
Other	17,763	8,943	—
	<u>242,571</u>	<u>18,661</u>	<u>1,192</u>
Expenses			
Salaries and wages	92,407	18,967	—
General and administration	100,823	17,554	2,752
Legal, audit and consulting	44,380	15,867	—
Lease rentals and surrenders	23,169	32,481	—
	<u>260,779</u>	<u>84,869</u>	<u>2,752</u>
Net loss before the following	<u>18,208</u>	<u>66,208</u>	<u>1,560</u>
Dry holes and abandonments	127,420	11,531	—
Depreciation and depletion	24,435	806	386
	<u>151,855</u>	<u>12,337</u>	<u>386</u>
Net loss for the period	<u>170,063</u>	<u>78,545</u>	<u>1,946</u>
Deficit, beginning of period	80,491	1,946	—
Incorporation, reorganization and share issue costs written off	52,462	—	—
	<u>132,953</u>	<u>1,946</u>	<u>—</u>
Deficit, end of period	<u>\$ 303,016</u>	<u>\$ 80,491</u>	<u>\$ 1,946</u>

ABIDONNE OILS LTD.

AND SUBSIDIARY COMPANIES

Consolidated Statement of Source and Application of Funds

	November 1, 1968 to September 30, 1969	December 1, 1967 to October 31, 1968	March 24, 1966 to November 30, 1967
Source of funds			
Capital stock issued	\$1,250,000	\$ 856,625	\$ 100
Application of funds			
Operating loss	18,208	66,208	1,560
Working capital deficiency of subsidiary at acquisition date	—	66,034	—
Exploration and development expenditures	566,695	295,622	1,929
Purchase of sundry equipment	48,639	7,300	—
Drilling and exploration deposits	64,920	11,810	—
Incorporation, reorganization and share issue costs. . .	48,095	3,500	867
	<u>746,557</u>	<u>450,474</u>	<u>4,356</u>
Increase (decrease) in working capital	503,443	406,151	(4,256)
Opening working capital (deficiency)	401,895	(4,256)	—
Closing working capital (deficiency)	<u>\$ 905,338</u>	<u>\$ 401,895</u>	<u>\$ (4,256)</u>

ABIDONNE OILS LTD. AND SUBSIDIARY COMPANIES

Notes to Consolidated Financial Statements September 30, 1969

(1) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the company and its wholly-owned subsidiaries (Parthenon Petroleum Ltd., Boswell Minerals Ltd., and Abidonne Mines and Resources Ltd.). In January, 1968 the company acquired the outstanding shares of Boswell Minerals Ltd. in exchange for previously unissued shares. This transaction has been accounted for as a purchase and the earnings of the subsidiary have been included since that date. The cost of the investment in Boswell Minerals Ltd. which was set at \$90,500 exceeded the underlying book value by \$146,970 after recording \$30,000 as a provision for future income taxes. The excess has been allocated to the inventory of petroleum and natural gas leases and royalty interests.

(2) ACCOUNTING POLICIES

(a) Inventory of petroleum and natural gas leases and rights

Boswell Minerals Ltd., whose business is dealing in petroleum and natural gas leases and rights, follows the practice of including in the cost of inventory the bonus acquisition costs applicable to specific properties. Lease rentals, fees and other acquisition costs are expensed when incurred. The bonus acquisition costs are expensed when the specific properties are disposed.

(b) Developed and undeveloped properties and equipment

Abidonne Oils Ltd., whose principal business is exploration for and production of oil, gas and minerals, follows the practice of capitalizing all lease acquisition costs and exploration costs. If the lease or permit is subsequently surrendered or deemed worthless, the accumulated costs are charged to income. The cost of drilling an unproductive well will be charged to income when the prospect area is abandoned or deemed worthless. The costs of producing leases and the costs of drilling producing wells are amortized on the unit of production method.

(c) Royalty interests

The royalty interests which are owned by Boswell Minerals Ltd. are composed of the following:

Non-producing	\$ 86,325
Producing	62,370
	<u>\$ 148,695</u>

(3) COMMITMENTS

(a) The company and its subsidiaries are committed for work performance on certain oil and gas exploratory and prospecting permits to the amount of \$257,392. These commitments are secured by the following:

Bank guarantees	\$ 190,274
Cash deposits	67,118
	<u>\$ 257,392</u>

The cash on deposit with banks is restricted by \$190,274 due to the above bank guarantees.

(b) Pursuant to a letter of intent dated September 3, 1969 and subject to the preparation and approval of a satisfactory farmout-operating agreement, the company intends to drill four wells in the Steen River and Rainbow areas of Alberta at an estimated cost of \$750,000. In the event that the farmout-operating agreement is executed, it is the intention of management to farmout its obligation.

(4) CAPITAL STOCK

(a) Shares outstanding at September 30, 1969:

	Number of Shares	Stated Value
Issued for cash	2,664,500	\$1,991,225
Issued for shares of Boswell Minerals Ltd.	600,000	90,500
Issued for geological studies, reports and maps	100,000	25,000
	<u>3,364,500</u>	<u>\$2,106,725</u>

(b) Changes in capital stock

During the eleven months ended September 30, 1969 the company issued 500,000 shares of no par value for a net cash consideration of \$1,250,000.

(c) Stock options

At September 30, 1969 stock options had been granted on 32,500 shares, particulars being as follows:

No. of shares	Option price per share	Date exercisable
7,500	\$2.75	February 27, 1970
7,500	3.00	February 27, 1971
3,750	3.25	April 30, 1970
7,500	3.25	February 27, 1972
3,750	3.50	April 30, 1971
2,500	3.50	February 27, 1973

No accounting is made for options until they are exercised, at which time the aggregate proceeds are credited to the capital stock account.

(5) The company was inactive during the period March 24, 1966 to November 30, 1966.

MANAGEMENT OF THE AMALGAMATED COMPANY

The persons designated in the Memorandum of Agreement to be Directors of the Amalgamated Company when the amalgamation becomes effective and until the election at the next Annual Meeting and until the qualification of their respective successors are;

Richard A. N. Bonnycastle, Hugh M. Considine, Edward P. Kenney, Nicholas J. Coolidge, William R. Boswell, William Bruce Macdonald and Ronald Ghitter.

It is proposed that the principal executive officers of the Amalgamated Company after the effective date of amalgamation will be as follows:

Name	Office
Hugh M. Considine	President and Director
William Bruce Macdonald	Executive Vice-President and Director
Edward P. Kenney	Vice-President and Director
William R. Boswell	Manager of Special Projects and Director
Richard A. N. Bonnycastle	Director
Nicholas J. Coolidge	Director
Ronald Ghitter	Director

The principal occupations during the last five (5) years of each officer and director of the Amalgamated Company are as follows:

Hugh M. Considine has been a partner in the firm of McDonald & Considine, Barristers & Solicitors. He first became a director of Ulster in the year 1968.

William Bruce Macdonald is the Exploration Manager of Abidonne and prior thereto was the Manager of Canadian Operations of Kern County Land Company and District Exploration Superintendent for offshore operations for Tenneco Oil & Minerals Ltd.

Edward P. Kenney was Managing Director and Vice-President of Ulster and prior thereto he was a Land Consultant. He first became a director of Ulster in the year 1964.

William R. Boswell has been President of Abidonne and prior to that he was President of Boswell Minerals Ltd., a wholly-owned subsidiary of Abidonne. He first became a director of Abidonne in the year 1967.

Richard A. N. Bonnycastle has been President of Harlequin Enterprises Ltd. and prior thereto he was Special Representative of Richardson Securities of Canada. He first became a director of Ulster in the year 1968.

Nicholas J. Coolidge has been Vice-President of Kidder, Peabody & Company Incorporated and prior to that he was associated with the New York law firm of Sullivan & Cromwell. He first became a director of Ulster in the year 1968.

Ronald Ghitter has been a partner in the firm of Ghitter, Ghitter & Hetherington Barristers and Solicitors. He first became a director in Abidonne in the year 1967.

Executive Committee

The Directors proposed to constitute an Executive Committee to deal with the daily operations of the Company. It is proposed that the members of the Executive Committee be as follows:

Hugh M. Considine	Edward P. Kenney
William Bruce Macdonald	William R. Boswell

Remuneration

The aggregate direct remuneration paid by Ulster to its senior officers during its last completed financial year ended December 31, 1968 was \$15,940. Effective January 1, 1969 Ulster entered into employment contracts with its President and two Vice-Presidents one of whom resigned effective August 1, 1969 and assuming the present rate of remuneration continues to be paid to such officers, the estimated aggregate direct remuneration for all officers as a group for the fiscal year ending December 31, 1969 will be \$61,800. No remuneration was paid to directors of Ulster as such for the financial year ended December 31, 1968 and it is estimated that the sum of \$100 aggregate direct remuneration will be paid to all directors as such for the financial year ending December 31, 1969.

Effective March 1, 1969, Ulster entered into an agreement with Standard Life Assurance Company to provide a Group Pension Policy for the officers and employees of Ulster, whereby the Company contributes an amount equal to the employees' contribution. No benefits are expected to be paid under this plan until the year 1985 and it is impractical to estimate the aggregate benefits at this time. It is proposed that this Pension Plan be adopted by the Amalgamated Company.

For the financial year ended October 31, 1969 the aggregate direct remuneration paid by Abidonne to all of its officers and directors as a group totalled \$38,650. It is estimated that the aggregate direct remuneration for all officers and directors of Abidonne as a group for the period from November 1 to December 31, 1969 will be \$7,700.

The Amalgamated Company proposes to enter into employment contracts with Messrs. Hugh M. Considine, William R. Boswell, Edward P. Kenney and William B. Macdonald. It is estimated that the annualized aggregate direct remuneration for these officers and directors as a group assuming effectiveness of the Amalgamated Company will be \$90,000 for the fiscal year commencing January 1, 1970.

Legal fees have been paid by Ulster and may be paid by the Amalgamated Company to McDonald & Considine, Barristers & Solicitors of which firm H. M. Considine is a partner.

Legal fees have been paid by Abidonne and may be paid by the Amalgamated Company to Ghitter, Ghitter & Hetherington, Barristers and Solicitors of which firm Ronald Ghitter is a partner.

STOCK OPTIONS

Ulster

On February 11, 1969 Ulster entered into an agreement with M. N. Chernoff, its chief geologist, pursuant to which in return for his services as geologist Mr. Chernoff was granted an option to purchase a total of 10,000 shares at an option price of \$4.25 per share. This option was subsequently cancelled with the approval of the Toronto Stock Exchange and a new option for the same number of shares at an option price of \$2.20 per share was granted to Mr. Chernoff on October 3, 1969. Under the terms of the option agreement 1/5 of the shares may be purchased in each of the calendar years 1969 through 1973, the right to purchase being cumulative, and, unless sooner exercised or terminated by termination of employment, continuous until December 31, 1978. The price range of the shares during the 30 day period immediately preceding the date of the grant was low \$2.35 and high \$4.70.

On May 21, 1969 Ulster entered into an agreement with T. K. Craine, Treasurer pursuant to which in return for his services as Treasurer Mr. Craine was granted an option to purchase a total of 5,000 shares at an option price of \$4.55 per share. This option was subsequently cancelled with the approval of the Toronto Stock Exchange and a new option for the same number of shares at an option price of \$2.20 per share was granted to Mr. Craine on October 3, 1969. Under the terms of the option agreement 1/5 of the shares may be purchased in each of the calendar

years 1969 through 1973, the right to purchase being cumulative, and, unless sooner exercised or terminated by termination of employment, continuous until December 31, 1978. The price range of the shares during the 30 day period immediately preceding the date of the grant was low \$2.35 and high \$4.70.

On May 21, 1969 Ulster entered into an agreement with Murray L. Larson, geologist, pursuant to which in return for his services as geologist Mr. Larson was granted an option to purchase a total of 5,000 shares at an option price of \$4.55 per share. This option was subsequently cancelled with the approval of the Toronto Stock Exchange and a new option for the same number of shares at an option price of \$2.20 per share was granted to Mr. Larson on October 3, 1969. Under the terms of the option agreement 1/5 of the shares may be purchased in each of the calendar years 1969 through 1973, the right to purchase being cumulative, and, unless sooner exercised or terminated by termination of employment, continuous until December 31, 1978. The price range of the shares during the 30 day period immediately preceding the date of the grant was low \$2.35 and high \$4.70.

Abidonne

On February 27th, 1969, Abidonne entered into an agreement with William Bruce Macdonald, its Exploration Manager, pursuant to which in return for his services as Geologist, Mr. Macdonald was granted an option to purchase a total of 15,000 shares as follows: 5,000 shares at \$2.75 exercisable on February 27th, 1970. 5,000 shares at \$3.00 exercisable on February 27th, 1972. The right to purchase the said shares is non-cumulative and automatically terminates in the event of the termination of employment of Mr. Macdonald by the company. There was no market for the shares of Abidonne during the 30 days immediately preceding the grant of this option.

On February 27th, 1969, Abidonne entered into an agreement with Fred H. Ramsay, Chartered Accountant, pursuant to which in return for his services as a Chartered Accountant, Mr. Ramsay was granted an option to purchase a total of 10,000 shares as follows: 2,500 shares at \$2.75 exercisable on February 27th, 1970, and 2,500 shares at \$3.00 exercisable on February 27th, 1971, and 2,500 shares at \$3.25 exercisable on February 27th, 1972, and 2,500 shares at \$3.50 exercisable on February 27th, 1973. The right to purchase the said shares is non-cumulative and automatically terminates in the event of the termination of employment of Mr. Ramsay by the company. There was no market for the shares of Abidonne during the 30 days immediately preceding the grant of this option.

On April 30th, 1969, Abidonne entered into an agreement with Neil Burkholder, Chief Geologist, pursuant to which in return for his services as a Geologist, Mr. Burkholder was granted an option to purchase a total of 5,000 shares as follows: 2,500 shares at \$3.25 exercisable on April 30th, 1970. 2,500 shares at \$3.50 exercisable on April 30th, 1971. The right to purchase the said shares is non-cumulative and automatically terminates in the event of the termination of employment of Mr. Burkholder by the company. The price range of the shares during the 30 days immediately preceding the grant was low \$3.00 and high \$3.95.

On April 30th, 1969, Abidonne entered into an agreement with Robert Hayes, Landman, pursuant to which in return for his services as Landman, Mr. Hayes was granted an option to purchase a total of 2,500 shares as follows: 1,250 shares at \$3.25 exercisable on April 30th, 1970, and 1,250 shares at \$3.50 exercisable on April 30th, 1971. The right to purchase the said shares is non-cumulative and automatically terminates in the event of the termination of employment of Mr. Hayes by the company. The price range of the shares during the 30 days immediately preceding the grant was low \$3.00 and high \$3.95.

The above stock options granted to employees of Abidonne and Ulster will be adopted by the Amalgamated Company with appropriate adjustments having regard to the basis upon which the shares of the two predecessor companies will be exchanged for shares of the Amalgamated Company pursuant to the Amalgamation Agreement.

PRINCIPAL HOLDERS OF SHARES

The following table sets forth the holdings of shares without nominal or par value of Ulster and Abidonne by each director and officer of each such corporation and by all directors and officers of each such corporation as a group and by each person owning or record, or to the knowledge of Ulster and Abidonne, beneficially, more than 10% of the shares of the respective companies. The table also sets forth the holdings of such persons and groups of shares without nominal or par value of the Amalgamated Company based upon the rate of conversion set forth under the heading "Proposed Amalgamation". The statements in the table as to shares owned are based upon information furnished to Ulster and Abidonne by the persons named or referred to therein.

Name of Individual or Group	Shares Beneficially Owned on November 30, 1969				Shares to be Beneficially Owned in the Amalgamated Company	
	No. of Ulster Shares	Percentage of Class if over 10%	No. of Abidonne Shares	Percentage of Class if over 10%	No. of Shares	Percentage of Class if over 10%
Considine, H. M.	120,209				120,209	
Kenney, E.P.	100,785				100,785	
O'Connor, R. H.	117,763				117,763	
Bonnycastle, R. A. N.	90,000				90,000	
Carruthers, W. H.	24,750				24,750	
Coolidge, N. J.	28,750				28,750	
Craine, T. K.	32				32	
The estate of the late Dr. L. P. Malloy	10,000				10,000	
Macdonald, W. B.			4,100		2,733	
Boswell, W. R.			415,650	12.35%	277,100	
Gibson, W. C.			64,056		42,704	
Jeffries, T. L.			84,500		56,333	
Walker, R. R.			130,000		86,666	
Sharp, J. W.			64,056		42,704	
Ghitter, R. D.			6,250		4,166	
Burnett, Charles Pye, III			70,000		46,666	
Schiebel, Charles W.			124,000		82,666	
 All directors and officers of Ulster as a group	 492,289	 16.12%			 492,289	
 All directors and officers of Abidonne as a group			 962,612	 28.61%	 641,741	 12.11%

INTEREST IN CERTAIN TRANSACTIONS

Ulster

Pursuant to Ulster's public offering in December, 1968, Richardson Securities of Canada, a Canadian partnership, received \$450,000 as compensation for underwriting the offering. R.A.N. Bonnycastle, formerly Special Representative of Richardson Securities of Canada, was a Director of Ulster at the time.

ESCROWED SHARES

Abidonne

All of the shareholders of record of Abidonne as at the 31st day of October, 1968, representing 2,864,500 shares, entered into a Pooling Agreement with the Canada Trust Company as depository, whereby all of the outstanding issued shares of Abidonne at that time, were pooled and placed in the custody of the depository to be released upon the approval of The Alberta Securities Commission and other securities authorities whose permission may be required on the following basis:

The depository is to release 20% of the pooled shares pro-rata to the Shareholders on the first day of March, 1969, and is to further release 20% of the remaining pooled shares on the first days of September and March thereafter until all the said shares have been released to the Shareholders.

Since the date of the Pooling Agreement, there has been two Releases of the Pooled Shares as aforesaid.

It is the intention of the Directors of the Amalgamated Company to recommend to the Pooled Shareholders that they maintain the Pooling Agreement with the shares of the Amalgamated Company under identical terms to those existing in the present Pooling Agreement.

DESCRIPTION OF SHARES OF AMALGAMATED COMPANY

The Amalgamated Company's authorized capital will consist of 8,000,000 shares without nominal or par value not to be issued for an aggregate consideration in excess of \$12,000,000. The issued and outstanding shares upon completion of the amalgamation will be fully paid and non-assessable and each share will entitle the holder thereof to one vote on all matters submitted to the shareholders. In the event of a liquidation or dissolution, the holders of the shares will share rateably in any assets of the Amalgamated Company. The shares of the Amalgamated Company will not be subject to redemption and will have no conversion rights. There are no pre-emptive rights to subscribe for any shares in the capital of the Amalgamated Company. Owners of the shares are entitled to participate equally in such dividends as may be declared by the Board of Directors of the Amalgamated Company out of funds legally available for the payment thereof. At the present time, the proposed Board of Directors of the Amalgamated Company have no intention of declaring dividends. It is expected that the shares of the Amalgamated Company will be listed for trading on the Toronto Stock Exchange on the effective date of the amalgamation.

The shares of the Amalgamated Company do not have cumulative voting rights, which means that the holders of more than 50% of the shares voting for the election of directors can elect all of the directors if they choose to do so and, in such event, the holders of the remaining shares will not be able to elect any person or persons to the Board of Directors.

The Amalgamated Company will furnish annual reports containing audited financial statements and will also furnish semi-annual reports containing unaudited financial statements to its shareholders.

The Transfer Agent and Registrar of the shares of the Amalgamated Company will be the Canada Trust Company at its offices at Calgary, Vancouver, Regina, Winnipeg, Toronto, Montreal and Halifax.

ULSTER PETROLEUMS LTD.

(the Amalgamated Company)

Pro Forma Combined Balance Sheet

September 30, 1969

The following pro-forma combined balance sheet of Ulster Petroleum Ltd (the amalgamated company) is after giving effect as at September 30, 1969 to the amalgamation, on the pooling of interests basis, of Ulster Petroleum Ltd. and Abidonne Oils Ltd.

This pro-forma combined balance sheet should be read in conjunction with the audited financial statements of the two companies and related notes thereto appearing elsewhere in the proxy statements.

ASSETS

	Ulster Petroleum Ltd. and Subsidiary Companies	Abidonne Oils Ltd. and Subsidiary Companies	Pro Forma Combined
CURRENT ASSETS :			
Cash	\$ 160,486	28,111	188,597
Deposit Receipts	2,250,000	946,125	3,196,125
Accounts receivable	33,436	134,934	168,370
Accrued Interest receivable	25,234	—	25,234
Inventory of petroleum and natural gas leases and rights	—	26,068	26,068
Prepaid expenses	2,106	5,934	8,040
Total current assets	2,471,262	1,141,172	3,612,434
INVESTMENTS — AT COST	165,557	—	165,557
REFUNDABLE DEPOSITS	85,600	76,730	162,330
PROPERTY, PLANT AND EQUIPMENT — AT COST..	1,871,763	875,468	2,747,231
Less accumulated depreciation and depletion	15,471	23,827	39,298
	1,856,292	851,641	2,707,933
INCORPORATION COSTS	4,259	—	4,259
	<u>\$ 4,582,970</u>	<u>2,069,543</u>	<u>6,652,513</u>

LIABILITIES

CURRENT LIABILITIES:			
Accounts payable and accrued liabilities	\$ 93,040	235,834	328,874
Due under agreement to acquire foreign leases	176,219	—	176,219
Total current liabilities	269,259	235,834	505,093
DEFERRED INCOME TAXES	—	30,000	30,000
SHAREHOLDERS' EQUITY:			
Share capital:			
Authorized - pro forma 8,000,000 shares without nominal or par value			
Issued pro forma 5,296,675 shares	4,667,150	2,106,725	8,773,875
Deficit	353,439	303,016	656,455
	4,313,711	1,803,709	6,117,420
	<u>\$ 4,582,970</u>	<u>2,069,543</u>	<u>6,652,513</u>

MEMORANDUM OF AGREEMENT made as of the 18th day of November, 1969,
BETWEEN:

ULSTER PETROLEUMS LTD., a body corporate,
incorporated under the laws of the Province
of Alberta (hereinafter called "Ulster")

OF THE FIRST PART

— and —

ABIDONNE OILS LTD., a body corporate,
incorporated under the laws of the Province
of Alberta (hereinafter called "Abidonne")

OF THE SECOND PART

WHEREAS Ulster was incorporated under the laws of the Province of Alberta by Memorandum of Association on the 11th day of March, 1963, and its authorized capital as of the date hereof is Four Million, Five Hundred Thousand (4,500,000) shares without nominal or par value of which as at the date hereof Three Million, Fifty-three Thousand, Six Hundred and Seventy-five (3,053,675) shares are issued and outstanding as fully paid and non-assessable; and

WHEREAS Abidonne was incorporated by Memorandum of Association under the laws of the Province of Alberta on the 24th day of March, 1966, under the name Totem Oils Ltd. and changed its name to Abidonne Oils Ltd. on December 27th, 1967, and its authorized capital as of the date hereof is Five Million (5,000,000) shares without nominal or par value of which as at the date hereof Three Million, Three Hundred and Sixty-four Thousand, Five Hundred (3,364,500) shares are issued and outstanding as fully paid and non-assessable; and

WHEREAS Ulster and Abidonne have the same or similar objects; and

WHEREAS Ulster and Abidonne have disclosed to each other their current financial positions, and assets and liabilities and each has agreed to advise the other of any material change in such financial position and assets or liabilities occurring prior to the time of closing, as hereinafter provided for; and

WHEREAS under the authority conferred by Section 140a, of the Companies Act (Alberta), Ulster and Abidonne have agreed to amalgamate upon the terms and conditions hereinafter set out and continue as one company;

NOW, THEREFORE, THIS AGREEMENT WITNESSETH AS FOLLOWS:—

1. IN THIS AGREEMENT the term "Amalgamated Company" shall mean the company continuing from the amalgamation of Ulster and Abidonne.
2. ULSTER AND ABIDONNE do hereby agree to amalgamate under the provisions of Section 140a, of The Companies Act of the Province of Alberta, and to continue as one company upon the terms, provisions and conditions hereinafter set forth.
3. THE NAME OF THE AMALGAMATED COMPANY shall be Ulster Petroleum Ltd.

4. THE OBJECTS OF THE AMALGAMATED COMPANY shall be as follows:

- (a) To carry on any one or more of the businesses of prospecting for, producing, dealing in, transporting, storing, distributing and manufacturing petroleums, oils, gases, ores and other minerals or mineral substances and the products, by-products or derivatives thereof, and to acquire, produce, hold, operate, use, dispose of and otherwise deal in and with the said substances and products and drilling, pumping, mining, milling, reducing, refining, smelting, separating, absorbing and other plants, machinery, equipment or apparatus for producing, manufacturing or otherwise working or turning to account such substances and products and for recovering, saving, transporting and marketing the same or any part thereof.
- (b) To carry on the business of contractors for drilling, opening, operating and working of oil wells, mines and mineral claims.
- (c) To acquire by purchase, lease, concession, license, exchange or otherwise, rights to or interests in lands, mines, wells, claims and places which may seem to the Company capable or possibly capable of affording a supply of petroleum, carbon oils, gas, ores or other mineral substances either absolutely or conditionally, and to hold, lease, develop, operate, manage, control, place under license, sell, dispose of and otherwise deal with the same or any part thereof or any interest therein.
- (d) To acquire, underwrite, hold, sell on commission or otherwise dispose of and deal in and with the shares, stocks, bonds, obligations and securities issued or guaranteed by any company, government, public body or authority; to purchase, acquire, hold, sell, exchange, discount and deal in and with mortgages, agreements for sale, contracts, options, leases and other documents of title or securities or interests in or to land, real estate, mines, minerals, accounts, choses-in-action, personal property or chattels and to lend money on the security of any such documents, and to lend or advance money to persons having dealings with the Company either with or without security as it shall see fit, and generally, to carry on all or any part of the businesses of a holding and investment company.
- (e) To carry on any one or more of the businesses of metallurgists, mining engineers, petroleum engineers and geologists, building and general contractors, farm, ranch, timber and mine owners, insurance, land, rental, general and financial agents, managers and brokers; to take part in the management, supervision or control of the business or operation of any company or undertaking and to guarantee and otherwise assist in the performance of contracts or obligations of any such company or undertaking and, generally for any of the above purposes to carry on business as financiers or financial agents.
- (f) To pay for any lands, businesses, properties, rights, claims, privileges, concessions or other assets acquired or agreed to be acquired by the Company and, generally, to satisfy any payment by or obligation of the Company, either wholly or in part, by the issue of shares, debentures or other securities of the Company credited as fully or partly paid.

5. THE AUTHORIZED CAPITAL of the Amalgamated Company shall be Eight Million (8,000,000) shares without nominal or par value not to be issued for an aggregate consideration in excess of Twelve Million (12,000,000) Dollars.

6. The registered office of the Amalgamated Company will be in the City of Calgary, in the Province of Alberta.

7. THE ARTICLES OF ASSOCIATION of Ulster are adopted as the Articles of Association of the Amalgamated Company.

8. Ulster represents, warrants and agrees as follows:

- (a) Ulster is a corporation duly organized, validly existing and in good standing under the laws of the Province of Alberta and is duly qualified and in good standing as a foreign corporation in each jurisdiction where, to the knowledge of the officers of Ulster the nature of the property owned or the business transacted by it makes such qualification necessary.
- (b) As of the date hereof, the authorized capital stock of Ulster consists of 4,500,000 shares without nominal or par value, of which 3,053,675 shares are outstanding. Such outstanding shares have been validly issued and are fully paid and non-assessable. Except for options to purchase 20,000 shares without nominal or par value of Ulster granted to three full time employees and except for an additional 15,000 shares without nominal or par value of Ulster reserved for issuance under an Employee Stock Option Plan, there are no outstanding options, warrants, rights, calls, commitments, conversion rights, plans or other agreements of any character providing for the purchase of any authorized but unissued Ulster shares. Prior to the closing date, Ulster will not authorize any increase in the number of shares in its authorized capital stock or issue any options or rights to subscribe for or purchase shares of its capital stock.
- (c) The audited consolidated financial statements of Ulster as of September 30, 1969 which shall be furnished by Ulster to Abidonne, will be true and correct and fairly present the financial position of Ulster and its subsidiaries as of such date and the results of the operations of Ulster and its subsidiaries for the nine month period then ended.
- (d) In the negotiations leading up to the transaction contemplated by this Agreement, Ulster has not retained or otherwise utilized the services of any broker or finder.
- (e) Except for such claims, debts or liabilities as are reflected in the September 30, 1969 financial statements referred to in Clause 8 (c) above, Ulster has no outstanding indebtedness and is not subject to any claims or liabilities. Without the prior written consent of Abidonne, Ulster will not incur, prior to the closing date, any additional indebtedness for money borrowed or incur any liabilities in excess of \$5,000.
- (f) Ulster has not since September 30, 1969, issued, or declared or paid any dividend on, or declared or made any distribution on, or authorized the creation or issuance of, or effected any split up or recapitalization of, any of its stock of any class or authorized or made any change in its Memorandum of Association or agreed to take any such action.
- (g) Ulster has filed all requisite income tax returns and all other appropriate tax returns, required to be filed by it by the laws of the Province of Alberta or laws of Canada and has paid all taxes and assessments, (including interest or penalties) owed by it to the extent that such taxes and assessments have become payable. To the extent that such taxes and assessments and the subsequent tax liabilities have accrued but have not become payable, the full amounts thereof have been reflected as liabilities on its books. In addition, Ulster has paid all taxes which would not require the filing of returns and which are required to be paid by it.
- (h) Ulster has good and marketable title to all its real, personal and intangible property, including the real, personal and intangible property reflected in the balance sheet delivered pursuant to Clause 8 (c) above, with such changes in such real, personal and intangible property as have been made since such date, in the ordinary course of business. None of such real, personal and intangible property is subject
 - (i) to a contract of sale, except such as are sold by Ulster in the ordinary course of business,
 - or

- (ii) to mortgages, pledges, liens, encumbrances, security interests or charges of any kind or character except as herein disclosed. All assets leased by Ulster are in good operating condition and in a state of good maintenance and repair and are adequate and suitable for the purposes for which they are presently being used.
- (i) There are no claims, actions, suits or proceedings pending or threatened against or affecting Ulster at law or in equity, by or before any federal or provincial court or other governmental or administrative commission, board, bureau, agency or instrumentality of any government. Ulster is not subject to any liability by reason of any violation of any order, rule or regulation of or default with respect to any tax return or any other return or report payable to or required to be filed with, any federal, provincial, municipal or other governmental agency, department, commission, bureau or board.
- (j) Between the date hereof and the closing date, Ulster will not without the prior written consent of Abidonne, make or agree to make any increase in the rate of wages, salaries, bonuses or other remuneration of any employee or employees, or become a party to any employment contract or arrangement with any of its officers or employees, other than contracts which are terminable at will or subject to termination of not more than one month's notice, or become a party to any contract or arrangement with any officers or employees providing for bonuses or profit sharing payments, severance pay or retirement benefits.
- (k) Between the date hereof and the closing date, Ulster and its subsidiaries will not, without the prior written consent of Abidonne, make any changes or modifications in any contracts, agreements or understandings, or incur any further obligations or surrender any rights thereunder, or make any further additions to its property or further purchases of equipment, except such changes or modifications as are in the ordinary course of business or are necessary or appropriate to maintain their properties and equipment.
- (l) Ulster is not subject to any order, judgment or decree with respect to its business or the condition of any of its assets or property, or to any provision in its Memorandum or Articles of Association, mortgage, lease, agreement, instrument, order, judgment or decree which would prevent the consummation of the transactions contemplated hereunder, or compliance by Ulster with the terms, conditions and provisions hereof.
- (m) All outstanding accounts receivable, if any, of Ulster as set forth in the above mentioned financial statements and in its books and records, are collectible except to the extent of the provision for bad debts, if any, set forth in the financial statements.
- (n) The copies of Ulster's Memorandum and Articles of Association, as amended to date, heretofore delivered to Abidonne, and of all instruments, agreements or other documents that may have been delivered to Abidonne pursuant to the terms of this Agreement, are complete and correct.
- (o) Ulster has maintained its books of account in the usual, regular and ordinary manner in accordance with generally accepted accounting principles applied on a consistent basis.
- (p) During the period from the date hereof to and including closing date, Ulster will conduct its business solely in the usual and ordinary manner and will refrain from any transactions not in the ordinary course of business without prior written consent of Abidonne to such transaction having been obtained.
- (q) The disclosures made on Ulster's part are complete and accurate with respect to all matters affecting the ability to operate the business of Ulster. Any omissions and any inaccuracies in such disclosure whether considered alone or in the aggregate, do not adversely affect in any manner Ulster's ability to operate the business of Ulster.

- (r) The execution and performance of this Agreement by Ulster has been duly authorized by its Board of Directors and such execution and performance are within its corporate powers.
 - (s) Ulster is presently conducting a program of seismic exploration on its acreage in Southern England, and under farmout arrangements with other companies, it intends to drill three exploratory wells in the Kindersley area of Saskatchewan. The total cost of such programs will not exceed \$300,000.
9. Abidonne represents, warrants and agrees as follows:
- (a) Abidonne is a corporation duly organized, validly existing and in good standing under the laws of the Province of Alberta and is duly qualified and in good standing as a foreign corporation in each jurisdiction where, to the knowledge of the officers of Abidonne the nature of the property owned or the business transacted by it makes such qualification necessary.
 - (b) As of the date hereof, the authorized capital stock of Abidonne consists of 5,000,000 shares without nominal or par value, of which 3,364,500 shares are outstanding. Such outstanding shares have been validly issued and are fully paid and non-assessable. Except for options to purchase 32,500 shares without nominal or par value of Abidonne granted to four full time employees there are no outstanding options, warrants, rights, calls, commitments, conversion rights, plans or other agreements of any character providing for the purchase of any authorized but unissued Abidonne shares. Prior to the closing date, Abidonne will not authorize any increase in the number of shares in its authorized capital stock or issue any options or rights to subscribe for or purchase shares of its capital stock.
 - (c) The audited consolidated financial statements of Abidonne as of September 30, 1969 which shall be furnished by Abidonne to Ulster, will be true and correct and fairly present the financial position of Abidonne and its subsidiaries as of such date and the results of the operations of Abidonne and its subsidiaries for the eleven month period then ended.
 - (d) In the negotiations leading up to the transaction contemplated by this Agreement, Abidonne has not retained or otherwise utilized the services of any broker or finder.
 - (e) Except for such claims, debts or liabilities as are reflected in the September 30, 1969 financial statements referred to in Clause 9 (c) above, Abidonne has no outstanding indebtedness and is not subject to any claims or liabilities. Without the prior written consent of Ulster, Abidonne will not incur, prior to the closing date, any additional indebtedness for money borrowed or incur any liabilities in excess of \$5,000.
 - (f) Abidonne has not since September 30, 1969, issued, or declared or paid any dividend on, or declared or made any distribution on, or authorized the creation or issuance of, or effected any split up or recapitalization of, any of its stock of any class or authorized or made any change in its Memorandum of Association or agreed to take any such action.
 - (g) Abidonne has filed all requisite income tax returns and all other appropriate tax returns, required to be filed by it by the laws of the Province of Alberta or laws of Canada and has paid all taxes and assessments, (including interest or penalties) owed by it to the extent that such taxes and assessments have become payable. To the extent that such taxes and assessments and the subsequent tax liabilities have accrued but have not become payable, the full amounts thereof have been reflected as liabilities on the books. In addition, Abidonne has paid all taxes which would not require the filing of returns and which are required to be paid by it.

- (h) Abidonne has good and marketable title to all its real, personal and intangible property, including the real, personal and intangible property reflected in the balance sheet delivered pursuant to Clause 9 (c) above, with such changes in such real, personal and intangible property as have been made since such date, in the ordinary course of business. None of such real, personal and intangible property is subject
 - (i) to a contract of sale, except such as are sold by Abidonne in the ordinary course of business or
 - (ii) to mortgages, pledges, liens, encumbrances, security interests or charges of any kind or character except as herein disclosed. All assets leased by Abidonne are in good operating condition and in a state of good maintenance and repair and are adequate and suitable for the purposes for which they are presently being used.
- (i) There are no claims, actions, suits or proceedings pending or threatened against or affecting Abidonne at law or in equity, by or before any federal or provincial court or other governmental or administrative commission, board, bureau, agency or instrumentality of any government. Abidonne is not subject to any liability by reason of any violation of any order, rule or regulation of or default with respect to any tax return or any other return or report payable to or required to be filed with, any federal, provincial, municipal or other governmental agency, department, commission, bureau or board.
- (j) Between the date hereof and the closing date, Abidonne will not without the prior written consent of Ulster, make or agree to make any increase in the rate of wages, salaries, bonuses or other remuneration of any employee or employees, or become a party to any employment contract or arrangement with any of its officers or employees, other than contracts which are terminable at will or subject to termination of not more than one month's notice, or become a party to any contract or arrangement with any officers or employees providing for bonuses or profit sharing payments, severance pay or retirement benefits.
- (k) Between the date hereof and the closing date, Abidonne and its subsidiaries will not, without the prior written consent of Ulster, make any changes or modifications in any contracts, agreements or understandings, or incur any further obligations or surrender any rights thereunder, or make any further additions to its property or further purchases of equipment, except such changes or modifications as are in the ordinary course of business or are necessary or appropriate to maintain their properties and equipment.
- (l) Abidonne is not subject to any order, judgment or decree with respect to its business or the condition of any of its assets or property, or to any provision in its Memorandum or Articles of Association, mortgage, lease, agreement, instrument, order, judgment or decree which would prevent the consummation of the transactions contemplated hereunder, or compliance by Abidonne with the terms, conditions and provisions hereof.
- (m) All outstanding accounts receivable, if any, of Abidonne as set forth in the above mentioned financial statements and in its books and records, are collectible except to the extent of the provision for bad debts, if any, set forth in the financial statements.
- (n) The copies of Abidonne's Memorandum and Articles of Association, as amended to date heretofore delivered to Ulster, and of all instruments, agreements or other documents that may have been delivered to Ulster pursuant to the terms of this Agreement, are complete and correct.
- (o) Abidonne has maintained its books of account in the usual, regular and ordinary manner in accordance with generally accepted accounting principles applied on a consistent basis.
- (p) During the period from the date hereof to and including closing date, Abidonne will conduct its business solely in the usual and ordinary manner and will refrain from any transactions not in the ordinary course of business without prior written consent of Ulster to such transaction having been obtained.

- (q) The disclosures made on Abidonne's part are complete and accurate with respect to all matters affecting the ability to operate the business of Abidonne. Any omissions and any inaccuracies in such disclosure whether considered alone or in the aggregate, do not adversely affect in any manner Abidonne's ability to operate the business of Abidonne.
- (r) The execution and performance of this Agreement by Abidonne has been duly authorized by its Board of Directors and such execution and performance are within its corporate powers.
- (s) Abidonne has entered into a letter of intent with a major oil company whereby it intends to drill four wells in the Steen River and Rainbow areas of Alberta at an estimated total cost of \$750,000. Abidonne intends to obtain partners for the drilling of these wells, and Abidonne's share of the cost of drilling such wells will not exceed \$125,000.

10. In reliance upon the representations and warranties and subject to the terms and conditions herein stated at the closing date (as set forth in Clause 17 hereof) the shares of Ulster and Abidonne which are issued and outstanding immediately prior to the granting of the Certificate of the Registrar of Companies confirming this Agreement shall on and from such date be converted into issued shares of the Amalgamated Company as follows:

- (a) Each shareholder of Ulster will be deemed to have received One (1) share in the Amalgamated Company in place of each share in Ulster represented by such shareholder's existing certificate or certificates;
- (b) Each shareholder of Abidonne will receive Two-Thirds (2/3) of a share of the Amalgamated Company in place of each of his shares in Abidonne.

11. THE BOARD OF DIRECTORS of the Amalgamated Company unless and until otherwise determined by special resolution of the shareholders shall consist of seven (7) members and the first Directors of the Amalgamated Company with their names, callings and places of residence shall be the following:

Directors	Occupation
Richard Arthur Northwood Bonnycastle R. R. No. 5 Calgary, Alberta	President of Harlequin Enterprises Ltd; formerly Special Representative of Richardson Securities of Canada
Hugh Mackay Considine 740 - 15th Avenue S. W. Calgary 3, Alberta	President of Ulster and Partner McDonald & Considine Barristers and Solicitors
Edward Price Kenney 5104 Nesbitt Road N. W. Calgary 47, Alberta	Managing Director and Vice-President of Ulster
Nicholas Jefferson Coolidge 180 East End Avenue New York, New York, U. S. A.	Vice-President of Kidder, Peabody & Co., Incorporated, Investment Bankers
William Richard Boswell No. 11 Eagle Ridge Place S. W. Calgary 9, Alberta	President of Abidonne
William Bruce Macdonald 177 Cherovan Drive S. W. Calgary 9, Alberta	Exploration Manager of Abidonne
Ronald David Gitter 3601 - 5th Street S. W. Calgary 6, Alberta	Partner, Gitter, Gitter & Hetherington and Director of Abidonne

The said first Directors shall hold office until the first annual meeting of the Amalgamated Company or until their successors are elected or appointed. The subsequent Directors shall be elected according to the provisions of the Amalgamated Company's Articles of Association. The management of the Amalgamated Company shall be under the control of the Board of Directors from time to time subject to the provisions of the Alberta Companies Act.

12. Each of the parties shall contribute to the Amalgamated Company all its assets, subject to its liabilities as such exist immediately before the amalgamation.
13. The Amalgamated Company shall possess all the property, rights, privileges and franchises and shall be subject to all the liabilities, contracts and debts of each of Ulster and Abidonne as such exist immediately before the amalgamation of Ulster and Abidonne.
14. Certain Directors of Ulster and Abidonne, namely Messrs. Boswell, Considine, Kenney and Macdonald, have agreed to enter into employment agreements with the Amalgamated Company providing for such persons to serve as officers of the Amalgamated Company for terms up to three years.
15. The closing will take place at the offices of Abidonne, in the City of Calgary, in the Province of Alberta, at 10.00 a. m. on January 9, 1970 or, in the event that all steps to effect the amalgamation have not been completed by that date, the closing will take place at a later date to be mutually agreed upon by the parties hereto, but in no case later than January 31, 1970.
16. Upon issuance by the Registrar of Companies for the Province of Alberta of the Certificate of Amalgamation, share certificates for shares of the Amalgamated Company will be issued to the shareholders of Abidonne in accordance with Clause 10 hereof upon presentation of share certificates of Abidonne to the transfer agent of the Amalgamated Company. Cash will be paid by the transfer agent in lieu of fractional shares resulting from conversion. Such payment will be based upon the closing price of Ulster shares on the Toronto Stock Exchange on the closing date. Unless required by governmental agency or a stock exchange the outstanding share certificates of Ulster in the hands of its shareholders shall continue to represent shares in the Amalgamated Company.
17. (a) Conditions Precedent to Ulster's Obligations
All obligations of Ulster under this Agreement are subject to fulfillment prior to or at the closing date of each of the following conditions, except any of them which may be waived by Ulster in writing at or prior to closing, namely:
 - (i) The representations and warranties of Abidonne set forth in this Agreement shall be true and accurate in all material respects as of the date when made and shall be deemed to have been made again and as at the time of closing, and except to the extent necessary to reflect the consummation of any transaction provided for therein or consented to or approved in writing by Ulster, shall then be true in all material respects.
 - (ii) Abidonne shall have duly performed and complied with in all material respects, all things required by this Agreement to be performed or complied with by it at or prior to closing.
 - (iii) Abidonne shall have delivered to Ulster a written opinion of Messrs Ghitter, Ghitter & Hetherington Barristers and Solicitors, Calgary, Alberta, dated the date of the closing to the effect that:
 - (a) Abidonne is a corporation duly authorized, validly existing and in good standing under the laws of the Province of Alberta, with full corporate power and authority for the ownership and operating of its properties and rights and the conduct of its business as it is now conducted, and is duly qualified to do business as a foreign corporation in all jurisdictions which, to the best of the knowledge of the President of Abidonne, the character and location of its properties and rights or the nature of the business transacted by it, makes such qualification necessary.

- (b) Abidonne has the legal power and right to enter into and perform this Agreement and on the closing the consummation of the transactions contemplated by this Agreement will not, to the knowledge of such solicitors, result in the breach or termination of any provision of or constitute a default under any contract, agreement, indenture, mortgage, or other instrument or agreement to which Abidonne is a party or to which its property may be bound. Such solicitors may rely upon a certificate of the President and Secretary of Abidonne in giving their opinion relating to matters included in this subclause (b)
 - (c) All necessary corporate proceedings by Abidonne, including appropriate approval by shareholders, have been taken to authorize this Agreement and the amalgamation contemplated hereby, the performance by Abidonne of its obligations hereunder and the execution and delivery by Abidonne of all instruments contemplated hereby and this Agreement is a valid and binding Agreement of Abidonne in accordance with its terms.
 - (d) Counsel knows of no impediment, legal or corporate, to Abidonne concluding the amalgamation contemplated by this Agreement and covering such other matters incident to the transaction contemplated hereby as Ulster may reasonably request.
- (iv) All legal matters in connection with this Agreement and the consummation of the amalgamation contemplated hereby and all legal opinions required by this Agreement to be submitted to Ulster shall have been approved by and acceptable by counsel for Ulster and there shall have been furnished to such counsel by Abidonne certified copies of such corporate or other records and such information as they may reasonably request for such purposes.
- (v) At the closing Abidonne shall have title satisfactory to Ulster's counsel to enable it to furnish an opinion herein provided for in paragraph (vi) of this Clause 17 (a) to all of the properties of Abidonne free of all liens, charges and in accordance with their representations set out herein, excepting only:—
- (a) real and personal property taxes constituting a lien not yet payable;
 - (b) defects or irregularities of title or encumbrances which in the opinion of Ulster's counsel are not such in the aggregate as to interfere materially with the economic operation, value or use of any such asset or materially to affect title thereto;
 - (c) liens, charges or encumbrances which are solely incident to operating agreements, unit agreements and unit operating agreements, drilling contracts, pooling declarations and pooling agreements.
- (vi) Ulster shall have been furnished with an opinion of its counsel, Messrs. McDonald & Considine, satisfactory to Ulster verifying Abidonne's title to its properties.
- (vii) There shall have been no material loss, damage or destruction of or to Abidonne's properties, not adequately covered by insurance.
- (viii) Ulster shall have received the consent of any governmental agency, securities commission or stock exchange as required, in order to fully effect the amalgamation and maintain the listing of the shares of the Amalgamated Company on the stock exchange where the shares of Ulster are presently listed.
- (b) **Conditions Precedent to Abidonne's Obligations**
All obligations of Abidonne under this Agreement are subject to fulfillment prior to or at

the closing date of each of the following conditions, except any of them which may be waived by Abidonne in writing at or prior to closing, namely:

- (i) The representations and warranties of Ulster set forth in this Agreement shall be true and accurate in all material respects as of the date when made and shall be deemed to have been made again and as at the time of closing, and except to the extent necessary to reflect the consummation of any transaction provided for therein or consented to or approved in writing by Abidonne, shall then be true in all material respects.
- (ii) Ulster shall have duly performed and complied with in all material respects, all things required by this Agreement to be performed or complied with by it at or prior to closing.
- (iii) Ulster shall have delivered to Abidonne a written opinion of Messrs. McDonald & Considine, Barristers and Solicitors, Calgary, Alberta, dated the date of the closing to the effect that:—
 - (a) Ulster is a corporation duly authorized, validly existing and in good standing under the laws of the Province of Alberta, with full corporate power and authority for the ownership and operating of its properties and rights and the conduct of its business as it is now conducted, and is duly qualified to do business as a foreign corporation in all jurisdictions which, to the best of the knowledge of the President of Ulster, the character and location of its properties and rights or the nature of the business transacted by it, makes such qualifications necessary.
 - (b) Ulster has the legal power and right to enter into and perform this Agreement and on the closing the consummation of the transactions contemplated by this Agreement will not, to the knowledge of such solicitors, result in the breach or termination of any provision of or constitute a default under any contract, agreement, indenture, mortgage, or other instrument or agreement to which Ulster is a party or to which its property may be bound. Such solicitors may rely upon a certificate of the President and Secretary of Ulster in giving their opinion relating to matters included in this subclause (b)
 - (c) All necessary corporate proceedings by Ulster, including appropriate approval by shareholders, have been taken to authorize this Agreement and the amalgamation contemplated hereby, the performance by Ulster of its obligations hereunder and the execution and delivery by Ulster of all instruments contemplated hereby and this Agreement is a valid and binding Agreement of Ulster in accordance with its terms.
 - (d) Counsel knows of no impediment, legal or corporate, to Ulster concluding the amalgamation contemplated by this Agreement and covering such other matters incident to the transaction contemplated hereby as Abidonne may reasonably request.
- (iv) All legal matters in connection with this Agreement and the consummation of the amalgamation contemplated hereby and all legal opinions required by this Agreement to be submitted to Abidonne shall have been approved by and acceptable by counsel for Abidonne and there shall have been furnished to such counsel by Ulster certified copies of such corporate or other records and such information as they may reasonably request for such purposes.

- (v) At the closing Ulster shall have title satisfactory to Abidonne's counsel to enable it to furnish an opinion herein provided for in paragraph (vi) of this Clause 17 (b) to all of the properties of Ulster free of all liens, chargés and in accordance with their representations set out herein, excepting only:—
 - (a) real and personal property taxes constituting a lien not yet payable;
 - (b) defects or irregularities of title or encumbrances which in the opinion of Abidonne's counsel are not such in the aggregate as to interfere materially with the economic operation, value or use of any such asset or materially to affect title thereto;
 - (c) liens, charges or encumbrances which are solely incident to operating agreements, unit agreements and unit operating agreements, drilling contracts, pooling declarations and pooling agreements.
 - (vi) Abidonne shall have been furnished with an opinion of its counsel, Messers Ghitter, Ghitter & Hetherington satisfactory to Abidonne verifying Ulster's Title to its properties.
 - (vii) There shall have been no material loss, damage or destruction of or to Ulster's properties, not adequately covered by insurance.
18. Ulster shall be deemed to include the wholly owned subsidiaries of Ulster for the purposes of the following Clauses: 8 (h), 8 (s), 17 (b) (iii) (a), 17 (b) (v), 17 (b) (vi) and 17 (b) (vii) and Abidonne shall be deemed to include the wholly owned subsidiaries of Abidonne for the purposes of the following Clauses: 9 (h), 17 (a) (iii) (a), 17 (a) (v), 17 (a) (vi) and 17 (a) (vii).
19. The representations, warranties and agreements of the parties made herein shall survive the consummation of the transactions contemplated by this Agreement and shall remain in full force and effect thereafter for a period of three (3) years, following closing date.
20. The addresses of the parties hereto for notices and communications shall be:
- | | |
|-----------|--|
| Ulster: | Ulster Petroleum Ltd.
203 Oil Exchange Building
309 - 7th Avenue S. W.
Calgary 2, Alberta |
| Abidonne: | Abidonne Oils Ltd.
6th Floor
Pacific 66 Plaza
6th Avenue & 6th Street S. W.
Calgary 1, Alberta |
21. Upon the shareholders of Ulster and Abidonne respectively adopting this Agreement and upon all conditions to the amalgamation as herein set out being complied with, such facts shall be certified on this Agreement by the Secretary of each of the parties under their respective corporate seals and the parties hereto shall forthwith apply to the Court for an Order confirming the amalgamation.
22. Ulster and Abidonne may by resolution of their respective Directors consent to any alteration or modification of this Agreement which the shareholders of the respective companies at meetings called to consider the same or the Court or the Registrar of Companies may request or approve.

IN WITNESS WHEREOF the parties of the first and second part hereto have hereunto affixed their corporate seals attested by their officers duly authorized in that behalf as of the day and year first above written.

ULSTER PETROLEUMS LTD.

Per:

President

Secretary-Treasurer

ABIDONNE OILS LTD.

Per:

President

Secretary

<p>38.—Continued</p> <p>(b) Is any application for listing the shares of the Company on any other stock exchange now pending or contemplated? If so, give particulars.</p> <p>(c) Has any application for listing of any shares of the Company ever been refused or deferred by any stock exchange? If so, give particulars.</p>	<p>The Amalgamated Company intends to apply for the listing of its shares on the Vancouver Stock Exchange.</p> <p>No.</p>
<p>39. Particulars of the principal business in which each officer and director has been engaged during the past five years, giving the length of time, position held and name of employing company or firm.</p>	<p>Please refer to the heading "Management of the Amalgamated Company" on page 28 of the proxy statement.</p>
<p>40. The dates of and parties to and the general nature of every material contract entered into by the Company which is still in effect and is not disclosed in the foregoing.</p> <p>Except for management contracts, do not include particulars of any contract entered into in the ordinary course of business carried on or intended to be carried on by the Company.</p>	<p>The Amalgamated Company entered into employment contracts with the following officers effective as of January 1, 1970: H. M. Considine, President; W. R. Boswell, Manager of Special Projects; W. B. Macdonald, Executive Vice-President; and E. P. Kenney, Vice-President.</p>
<p>41. Any other material facts not disclosed in the foregoing.</p>	<p>All other material facts are disclosed in the proxy statement.</p>

42.

STATEMENT SHOWING DISTRIBUTION OF ISSUED CAPITAL

as of January 12, 1970

FREE STOCK	Shares	Shares
(a) Distributed and in the hands of the public (exclusive of the promoters, officers and directors of the Company and their agents or trustees).	3,273,542	
(b) Distributed and in the hands of the promoters, officers and directors of the Company and their agents or trustees.	877,333	
Total free stock		4,150,875
ESCROWED OR POOLED STOCK		
(c) Held in escrow or pool as set out in Item 19 of this application		1,145,800
Total issued capital		5,296,675
Number of registered shareholders holding shares in class (a) above		3,452
Number of registered shareholders holding shares in class (b) above		18
Number of registered shareholders holding shares in class (c) above		87

STATEMENT SHOWING NUMBER OF SHAREHOLDERS
as of January 12, 1970

Number		Shares
404	Holders of 1 — 99 shares	21,528
2059	" " 100 — 499 "	353,699
267	" " 500 — 999 "	149,856
161	" " 1000 — 1999 "	187,182
44	" " 2000 — 2999 "	98,440
24	" " 3000 — 3999 "	78,923
7	" " 4000 — 4999 "	30,951
121	" " 5000 — up "	4,376,096
<u>3087</u>	Stockholders	<u>Total shares 5,296,675</u>

Dated at Calgary, the 30th day of December, 1969.

ULSTER PETROLEUMS LTD.



"H. M. CONSIDINE",
President

"E. W. KENNEY",
Vice-President and Secretary

THE TORONTO STOCK EXCHANGE

7/5/70
2/7/70
13/8/70
17/9/70FILING STATEMENT NO. 1759
FILED, NOVEMBER 6th, 1970.

ULSTER PETROLEUMS LTD.

Full corporate name of Company

Incorporated under the laws of Alberta by Certificate of Amalgamation dated January 12, 1970 confirming the amalgamation agreement between Ulster Petroleum Ltd. and Abidonne Oils Ltd. Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953 (Ontario) by Letters Patent dated May 1st, 1957).

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	Acquisition of the percentage working interests of Kamalta Exploration Ltd. and New Marvel Oils Limited in certain producing properties in the Plato Oil Field, Saskatchewan, particulars of which are set forth in Exhibit 1 on pages 3 to 5 inclusive.
2. Head office address and any other office address.	690 Pacific 66 Plaza, 700 - 6 Avenue S. W. , Calgary 1, Alberta
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	See Exhibit 2 on page 6.
4. Share capitalization showing authorized and issued and outstanding capital.	Authorized capital is 8,000,000 npv shares which may be issued for a maximum consideration of \$12,000,000 of which 5,298,675 have been issued and are outstanding as fully paid and non-assessable shares.
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	None.
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	<p>No shares of the Company are subject to any underwriting or sales agreement. Effective August 5, 1970 200,000 shares without nominal or par value were reserved for issuance under the Company's Employee Stock Option Plan. Under the Plan options on the following shares have been granted during 1970 and are presently outstanding:</p> <p>H. M. Considine, Chairman of the Board, 25,000 shares W. R. Boswell, President of the Company, 25,000 shares W. B. Macdonald, Executive Vice-President, 25,000 shares E. P. Kenney, Vice-President & Secretary-Treasurer, 25,000 shares N. Burkholder, Chief Geologist, 10,000 shares F. H. Ramsay, Chief Accountant, 10,000 shares R. Hayes, Land Man, 5,000 shares L. Alho, Petroleum Engineer, 10,000 shares M. L. Larson, Geologist, 5,000 shares M. N. Chernoff, Geologist, 4,000 shares.</p> <p>Options are exercisable as to 20% of the total number of shares originally granted during each of the first, second, third, fourth and fifth years and are cumulative from year to year. Unless sooner exercised or terminated by termination of employment, the options are continuous and may be exercised up to 9 years from the date of grant. In each case the exercise price is \$2.20 per share.</p>

<p>7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.</p>	<p>To the knowledge of the management no assignment of any of the option shares referred to in Item 6 above is contemplated. No person other than the officers of the Company mentioned in Item 6 above has any interest, direct or indirect, in any underwritten or option shares or other securities or assignments thereof, present or proposed.</p>
<p>8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.</p>	<p>No payments in cash or securities or otherwise were made by Ulster to any promoter or finder in connection with the property acquisition.</p>
<p>9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.</p>	<p>Following the acquisition of the above mentioned producing properties in the Plato Oilfield, Saskatchewan, the Company proposes to rework certain wells in this field. The cost of such rework operations is estimated not to exceed \$30,000. Within a period of approximately 2 years the Company expects to participate in a waterflood program in the Plato Field, as a result of which it is expected recoverable reserves in the field will be considerably increased by this method of secondary recovery. It is expected that the Company's share of the proposed waterflood program will not exceed \$100,000.</p> <p>The Company will also continue its exploration program principally in Western Canada and on its 1,300,000 acres of lands under licence in the U.K. In particular the Company expects to drill a number of development wells in the Medicine Hat Gas Field of Southern Alberta.</p>
<p>10. Brief statement of company's chief development work during past year.</p>	<p>Since the amalgamation of Ulster Petroleum Ltd. (predecessor) and Abidonne Oils Ltd. on January 12, 1970 the Company has been in a period of consolidation. During this time the Company concluded a "best efforts" underwriting agreement with Chandler & Company of Los Angeles for a \$3,000,000 drilling fund and a prospectus filed with the United States Securities and Exchange Commission has been accepted effective July 30, 1970. Proceeds, if any, from the sale of units in this fund will be employed in general exploration and development primarily in Western Canada. The Company also negotiated a farmout agreement on its U. K. acreage with Pennzoil (U.K.) Company and Mesa Eastern Inc. under which these companies may drill up to 5 exploratory wells over a 4 year period to earn a 66% interest in varying acreages of Ulster's U. K. Production Licences. This farmout has received the approval of the U. K. Ministry of Technology.</p>
<p>11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.</p>	<p>Kamalita Exploration Ltd.--\$329,500 for properties in the Plato Field New Marvel Oils Limited --\$470,500 for properties in the Plato Field</p>
<p>12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.</p>	<p>The following persons have a greater than 5% interest in Kamalita Exploration Ltd.:</p> <p>Midland Osler Securities Ltd., P.O. Box 25, Toronto Dominion Centre, Toronto 1, Ontario.</p> <p>Richardson Securities of Canada, 137 Portage Avenue, Winnipeg 2, Manitoba.</p> <p>The following person has a greater than 5% interest in New Marvel Oils Limited:</p> <p>Kamalita Exploration Ltd., 905, 304 - 8th Avenue S.W., Calgary, Alberta.</p>

EXHIBIT 1

<u>LAND DESCRIPTION</u>	<u>PERCENTAGE WORKING INTEREST ACQUIRED</u>	<u>ROYALTIES PAYABLE</u>
W1/2 Sec. 15-25-18 W3 down to and including Viking Formation	6.25% Marvel 11.60714% Kamalta	12.5% Petroleum 15 % Natural Gas
E1/2 Sec. 15-25-18 W3 down to and including Viking Formation	12.5% Marvel 23.21428% Kamalta	12.5% Petroleum 15 % Natural Gas
NE1/4 Sec. 17-25-18W3 down to and including Viking Formation	6.25% Marvel 11.60714% Kamalta	12.5% Petroleum 15 % Natural Gas
NW1/4 Sec. 17-25-18 W3 down to and including Viking Formation	Marvel: ORR of 12.5% of 1/200 (5%-15%) oil - 10% gas Kamalta: ORR of 23.21428% of 1/200 (5%-15%) oil - 10% gas	
W1/2 & LSD's 7 & 8 of Sec. 21- 25-18 W3 down to and including Viking Formation	6.25% Marvel 11.60714% Kamalta	12.5% Petroleum 15 % Natural Gas
LSD's 1 & 2 of Sec. 21-25-18 W3 down to and including Viking Formation	Marvel: ORR of 12.5% of 1/200 (5%-15%) oil - 10% gas Kamalta: ORR of 23.21428% of 1/200 (5%-15%) oil - 10% gas	
NE1/4 Sec. 21-25-18 W3 down to and including Viking Formation	Marvel: ORR of 12.5% of 1/200 (5%-15%) oil - 10% gas Kamalta: ORR of 23.21428% of 1/200 (5%-15%) oil - 10% gas	
Sec. 27-25-18 W3 down to and including Viking Formation	6.25% Marvel 11.60714% Kamalta	12.5% Petroleum 15 % Natural Gas
N1/2 & SW1/4 & LSD's 7 & 8 of Sec. 31-25-18 W3 down to and including Blairmore Formation	6.25% Marvel 11.60714% Kamalta	12.5% Petroleum 15 % Natural Gas
LSD's 1 & 2 of Sec. 31-25-18 W3 down to and including Blairmore Formation	Marvel: ORR of 12.5% of 1/200 (5%-15%) oil - 10% gas Kamalta: ORR of 23.21428% of 1/200 (5%-15%) oil - 10% gas (All based on 64.28572% working interest)	
Sec. 35-24-17 W3 down to and including Duperow Formation	6.25% Marvel 11.60714% Kamalta	12.5% Petroleum 15 % Natural Gas
S1/2 and NE1/4 & LSD's 13 & 14 of Sec. 23-25-17 W3 down to and including Viking Formation	6.25% Marvel 11.60714% Kamalta	12.5% Petroleum 15 % Natural Gas
LSD's 11 & 12 of Sec. 23-25-17 W3 down to and including Viking Formation	Marvel: ORR of 12.5% of 1/200 (5%-15%) oil - 10% gas Kamalta: ORR of 23.21428% of 1/200 (5%-15%) oil - 10% gas	
LSD's 9 & 10 of Sec. 33-25-17 W3 down to and including Blairmore Formation	Marvel: ORR of 12.5% of 1/200 (5%-15%) oil - 10% gas Kamalta: ORR of 23.21428% of 1/200 (5%-15%) oil - 10% gas	
LSD's 3 & 4 of Sec. 3-25-17 W3 down to and including Viking Formation	6.25% Marvel 11.60714% Kamalta	12.5% Petroleum 15 % Natural Gas
Sec. 33-24-17 W3 down to and including Viking Formation	12.5% Marvel 23.21428% Kamalta	12.5% Petroleum 15 % Natural Gas

<u>LAND DESCRIPTION</u>	<u>PERCENTAGE WORKING INTEREST ACQUIRED</u>		<u>ROYALTIES PAYABLE</u>
Sec. 5-25-17 W3 down to and including Viking Formation	12.5% 23.21428%	Marvel Kamalta	12.5% Petroleum 15 % Natural Gas
S1/2 Sec. 7-25-17 W3 down to and including base of Blairmore Formation	12.5% 23.21428%	Marvel Kamalta	12.5% Petroleum 15 % Natural Gas
N1/2 Sec. 7-25-17 W3 down to and including Blairmore Formation	87.5% 12.5%	Marvel Kamalta	12.5% Petroleum 15 % Natural Gas GORR 75% of 2.5% oil 10% gas
S1/2 & NW1/4 Sec. 1-25-18 W3 down to and including Viking Formation	12.5% 23.21428%	Marvel Kamalta	12.5% Petroleum 15 % Natural Gas
NE1/4 Sec. 1-25-18 W3 down to and including Blairmore Formation	12.5% 23.21428%	Marvel Kamalta	12.5% Petroleum 15 % Natural Gas
N1/2 Sec. 19-25-18 W3 down to and including Viking Formation	12.5% 23.21428%	Marvel Kamalta	12.5% Petroleum 15 % Natural Gas
Sec. 23-25-18 W3 down to and including Viking Formation	12.5% 23.21428%	Marvel Kamalta	12.5% Petroleum 15 % Natural Gas
LSD's 13 & 14 of Sec. 34-24-17 W3 down to and including Mississippian System	25%	Kamalta	Crown--Sliding Scale
LSD's 9 & 10 Sec. 26-24-14 W3 down to and including Viking Formation	10% 25%	Marvel Kamalta	Crown--Sliding Scale Plus GORR: 1/200 (5%-15%)
LSD's 15 & 16 Sec. 26-24-14 W3 down to and including Viking Formation	5% 12.5%	Marvel Kamalta	Crown--Sliding Scale
NE1/4 Sec. 27-24-14 W3 down to and including Viking Formation	10% 25%	Marvel Kamalta	15%
S1/2 Sec. 35-24-14 W3 down to and including Viking Formation	10% 25%	Marvel Kamalta	15%
S1/2 & NW1/4 27, N1/2 35-24-14 W3	10% 25%	Marvel Kamalta	15%
SW1/4 Sec. 25-24-14 W3 down to and including Viking Formation	10% 25%	Marvel Kamalta	15%
LSD's 1 & 2 Sec. 12-25-18 W3 down to and including Miss.	100%	Marvel	Crown Sliding Scale
LSD's 7 & 8 Sec. 12-25-18 W3 down to and including Miss.	25% plus 2% GOR	Marvel	Crown Sliding Scale
W1/2 Sec. 24-24-17 W3	100%	Kamalta	Sask. Crown plus 3%-6% Sliding Scale
W1/2 Sec. 36-24-17 W3	100%	Kamalta	Sask. Crown plus 3%-6% Sliding Scale
LSD's 2, 4, 5 & 7 Sec. 2-25-17 W3	5% ORR	Kamalta	
LSD's 9, 11, 14 & 16 Sec. 2-25-17 W3	5% ORR	Kamalta	

<u>LAND DESCRIPTION</u>	<u>PERCENTAGE WORKING INTEREST ACQUIRED</u>		<u>ROYALTIES PAYABLE</u>
LSD's 1, 3, 6, 8, 10, 12, 13 & 15 Sec. 2-25-17 W3	100%	Kamalta	Sask. Crown plus 3%-6% Sliding Scale
LSD's 3, 4, 11 & 12 Sec. 4- 25-17 W3	5% ORR	Kamalta	
NE1/4 Sec. 6-25-17 W3	100%	Kamalta	Crown Sliding Scale plus 3%-6% Sliding Scale
LSD's 5, 6, 13 & 14 Sec. 4- 25-17 W3	100%	Kamalta	Crown Sliding Scale plus 3%-6% Sliding Scale.
Sec. 29-25-17 W3	5% ORR	Kamalta	
LSD's 1, 2, 15 & 16, Sec. 34- 24-17 W3	5% ORR	Kamalta	
LSD's 15 & 16 Sec. 14, E1/2 Sec. 22-24-17 W3	5% ORR	Kamalta	
SW1/4 28, S1/2 29-24-17 W3	5% ORR	Kamalta	
N1/2 Sec. 32-24-17 W3	5% ORR	Kamalta	
Sec. 34 & W1/2 36-24-14 W3 down to and including Viking Formation	12.5%	Kamalta	Crown Sliding Scale
LSD's 7, 8, 9 & 10 Sec. 34- 24-17 W3	100%	Kamalta	Crown Sliding Scale
SE1/4 Sec. 6-25-17 W3 W1/2 Sec. 16-25-17 W3	100%	Kamalta	Crown Sliding Scale plus 3%-6% Sliding Scale
S1/2 & NW1/4, LSD's 9 & 10 Sec. 14, E1/2 Sec. 22 & W1/2 Sec. 24-25-17 W3	100%	Kamalta	Crown Sliding Scale plus 3%-6% Sliding Scale
Sec. 32-25-17 W3	100%	Kamalta	Crown Sliding Scale plus 3%-6% Sliding Scale
E1/2 Sec. 10, All Sec. 11, W1/2 Sec. 12, All Sec. 14, 24-17 W3	100%	Kamalta	Crown Sliding Scale plus 3%-6% Sliding Scale
N1/2 Sec. 20-24-17 W3	100%	Kamalta	Crown Sliding Scale plus 3%-6% Sliding Scale

NOTES:

ORR equals Overriding Royalty

GORR (GOR) equals Gross Overriding Royalty

EXHIBIT 2

<u>NAME</u>	<u>ADDRESS</u>	<u>POSITION WITH COMPANY</u>
Hugh M. Considine	740 - 15 Avenue S.W., Calgary, Alberta.	Chairman of the Board and Director
William R. Boswell	11 Eagle Ridge Place S.W., Calgary, Alberta.	President and Director
William B. Macdonald	177 Cherovan Drive S.W., Calgary, Alberta.	Executive Vice-President and Director
Edward P. Kenney	5104 Nesbitt Road N.W., Calgary, Alberta.	Vice-President and Director
Richard A. N. Bonnycastle	R. R. 5, Calgary, Alberta.	Director
Nicholas J. Coolidge	180 East End Avenue New York, New York.	Director
Ronald D. Gitter	3601 - 5 Street S.W., Calgary, Alberta.	Director
Robert R. Walker	Box 7433, Bitter Lake Station, Seattle, Washington.	Director
Fred H. Ramsay	Ste. 1403, 733 - 14 Avenue S.W., Calgary, Alberta.	Secretary Treasurer

Hugh M. Considine was a director of Ulster (predecessor) from June, 1968 until the time of the amalgamation. Since August, 1960, Mr. Considine has been a partner in the firm of McDonald & Considine (now McDonald, Considine & McDonald), Barristers & Solicitors, Calgary, Canada, which has performed and presently is performing legal services for Ulster.

William R. Boswell was, prior to the amalgamation, President and a Director of Abidonne Oils Ltd. since November, 1966. Since December, 1963, he was President of Ulster Enterprises Ltd. (formerly Boswell Minerals Ltd.), a wholly owned subsidiary of Ulster.

William B. Macdonald was Exploration Manager of Abidonne Oils Ltd. from February, 1969 until the amalgamation in January 1970. From November, 1958 through January 1969, he was the Manager of Canadian Operations of Kern County Land Company and a district exploration superintendent of offshore operations for Tenneco Oil & Minerals Company, Limited.

Edward P. Kenney was Managing Director and Vice-President of Ulster (predecessor) having become a Director in 1964. Prior thereto, he was a Land Consultant.

Richard A. N. Bonnycastle has been President of Harlequin Enterprises Ltd., incorporated under the laws of the Dominion of Canada, since June 1968. For five years prior thereto he was Special Representative of Richardson Securities of Canada. Mr. Bonnycastle became a Director of Ulster (predecessor) in 1968.

Nicholas J. Coolidge has been a Vice-President of Kidder, Peabody & Company, Inc. since December 1967. For six and one-half years prior thereto, he was associated with the New York law firm of Sullivan & Cromwell. He became a Director of Ulster (predecessor) in 1968.

Ronald D. Gitter was a Director of Abidonne Oils Ltd. from 1967 until the amalgamation in January 1970. Mr. Gitter has been a partner in the firm of Gitter, Gitter & Hetherington, Barristers & Solicitors, Calgary, Canada. Mr. Gitter's firm has performed and presently is performing legal services for Ulster.

Robert R. Walker has been a private investment banker in Seattle, Washington for more than five years, with diversified holdings. He is President of Campbell Investment Company and Walker Land and Livestock Company. Mr. Walker was a Director of Abidonne Oils Ltd. from October 1968 to the time of the amalgamation.

Fred H. Ramsay was Chief Accountant of Abidonne Oils Ltd. from October 1968 until the time of the amalgamation. Prior thereto he was an auditor with the firm of Clarkson Gordon & Co., Chartered Accountants.

FEASIBILITY STUDY

The following are excerpts from an Enhanced Recovery Feasibility Study dated February, 1970, prepared by Blain, Binnie, and Associates Engineering Ltd. respecting the Plato Viking Sand Reservoir, Plato Field, Saskatchewan. A copy of the complete Study is on file with the Exchange.

I INTRODUCTION

Development of the Plato Viking Pool has advanced northwest and southeast from the wells 4-7-25-17 and 14-1-25-18 which were completed in March and November, 1967, respectively. To January, 1970, in excess of 60 wells had been drilled in the area, and logs and completion details of 58 of these have been examined to determine net pay values in this updated report. Cumulative production from the Viking A and B sands to January 1, 1970, is estimated at 250 000 STB.

Reservoir pressures obtained initially during development drilling in 1968 have been compared with measurements taken in May and June of 1969, and a rather sharp pressure decline is indicated during the first year on production. This information, along with production history, the indicated saturation pressure, and calculated oil-in-place, has been employed to evaluate reservoir performance to date and to establish a base for projecting future primary performance.

The object of this updated study is to utilize the reservoir production characteristics determined in the original study and prepare economic analyses of projected annual oil production which may result from continued primary depletion or from enhanced recovery through waterflooding. The net working interest of both Kamalta Exploration Ltd., and Marvel Oils Ltd., is presented.

II CONCLUSIONS

1. Original oil-in-place underlying this study area is 25 901 885 STB, of which 7 380 735 STB are in the 'A' sand and 18 521 150 STB in the 'B' sand.
2. Reservoir pressures reported for wells 4-7-25-17 and 8-12-25-18 in June, 1969, are not considered to be representative of the reservoir due to the short shut-in time and the tight formation.
3. Primary recovery under solution gas drive depletion is estimated to be 2 123 955 STB or 8.20 percent of the original oil-in-place to an average oil rate of 5.0 STB per day.
4. Ultimate reserves calculated for a nine-spot pattern waterflood are 6 296 748 STB or 24.31 percent of the original oil-in-place to an average oil rate of 5.0 STB per day.
5. Enhanced recovery by waterflooding is indicated to be economically feasible in this Plato Viking Sand Reservoir.
6. Kamalta Exploration Ltd., have an indicated net remaining economic primary reserve of 305 975 STB worth \$581 776 undiscounted. Waterflood reserves on the same basis amount to 1 037 910 STB worth \$1 709 749 undiscounted.
7. Marvel Oils Ltd., have an indicated net remaining economic primary reserve of 321 274 STB worth \$659 549 undiscounted. Waterflood reserves on the same basis amount to 1 076 583 STB worth \$1 928 377 undiscounted.

III RECOMMENDATIONS

1. Pressure maintenance, utilizing a nine-spot pattern waterflood, should be initiated at an early date to maintain daily oil rates and ultimately triple the recoverable reserves.
2. The effective net pay in each of the 'A' and 'B' sands must be completed for production or injection at every well within the proposed waterflood area to obtain maximum areal sweep efficiency.
3. Reservoir static pressures should be determined in several areas of both the 'A' and 'B' sand reservoirs from buildup data obtained over a period of approximately ten days to more accurately assess the stage of current depletion.

A. Primary Depletion

Tables 4 and 6 present the primary depletion economics for the net working interest of Kamalta Exploration Ltd., and Marvel Oils Ltd., respectively. The remaining economic primary reserves are produced over the period January 1, 1970, through December 31, 1976. The provincial sliding scale royalty is applied plus a gross overriding royalty of 1/100 from 3 to 6 percent. Net working interest wells entered into the calculations were 12.53 for Kamalta and 10.27 for Marvel. Gross overriding royalties held by Kamalta or Marvel have been assumed as working interests after increasing them by 50 percent. For instance a 5 percent GORR has been taken as 7.5 percent working interest. Operating costs of \$200 per well month are assumed and an oil price of \$2.59 per barrel has been applied throughout the productive primary depletion phase.

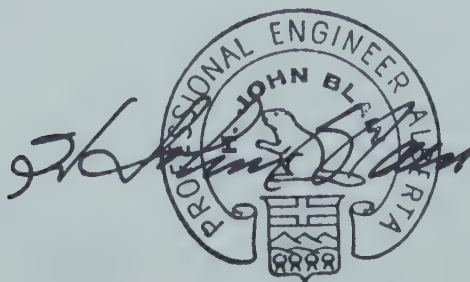
B. Pattern Waterflood

Tables 5 and 7 present the economics of waterflooding on an inverted nine-spot pattern basis for the net working interests of Kamalta Explorations Ltd., and Marvel Oils Ltd. respectively. Although Marvel Oils have fewer net working interest wells than Kamalta their interest is concentrated in an area of favourable reservoir development, N/2 of Sec. 7-25-17 and the S/2 of Sec. 13-25-18. Also two wells in which Kamalta have a 100 percent working interest have not been evaluated for reserves. These wells are 12 and 14 of 24-24-17 for which average reserves have been assigned. Operating costs of \$255 per well month have been used in the evaluation with the same royalties and net working interest wells considered in the primary case.

Capital costs have been apportioned to the various working interests and in 1970 include water source wells, injection plant and conversion of wells to injection with the necessary flow lines. In 1972 another capital cost item is included for the installation of larger pumping units. All economics are before tax.

C. Summary of Economics

	<u>Kamalta</u>	<u>Marvel</u>
<u>Primary</u>		
Cumulative Net Profit, \$	581 776	659 549
Present Worth Net Profit @9%	509 531	573 670
<u>Waterflood</u>		
Cumulative Net Profit, \$	1 709 749	1 928 377
Present Worth Net Profit @9%	1 245 724	1 367 281



ENHANCED RECOVERY FEASIBILITY STUDY

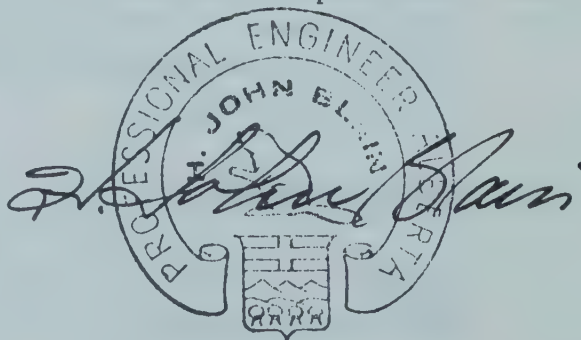
PLATO VIKING SAND RESERVOIR

February, 1970

CERTIFICATE

I, H. John Blain, Professional Engineer of the City of Calgary
in the Province of Alberta, hereby certify:

1. That I am a registered Professional Engineer and reside at 22 Varsplain Place, N.W., Calgary, Alberta.
2. That I am an Engineering Graduate of the University of Oklahoma, and that I have practised as a Professional Engineer for a period of sixteen (16) years.
3. That I have not, nor do I expect to receive, any direct or indirect interest whatsoever in the holdings discussed in this report, nor in the securities of Kamalta Exploration Ltd., or Ulster Petroleums Ltd.
4. That to the best of my knowledge, all available data pertaining to the geological description and interpretation of the area mapped were examined and evaluated during preparation of the February, 1970 report. The reservoir parameters and conditions employed in the calculation of reserves and rate forecasts have been personally examined or derived and adopted as being the most representative and appropriate data available. In this regard core data is scarce, initial reservoir pressures were approximated from drill stem tests, water saturation was estimated from a correlation with the Dodsland Viking Oil field, primary performance has been estimated by correlation due to the lack of gas-oil relative permeability data for the Plato field and waterflood performance is also based on oil-water relative permeability data from other Viking reservoirs.
5. That representations as to working interest and royalties in the various parcels evaluated in this report have been accepted as noted without reference to specific documents of ownership.



FINANCIAL STATEMENTS

ULSTER PETROLEUMS LTD. AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

August 31, 1970

ASSETS

Current Assets:

Cash.....	\$ 34,218
Time deposit receipts.....	1,196,250
Accounts Receivable.....	166,700
Accrued interest receivable.....	1,470
Inventory of petroleum and natural gas leases and rights, at cost.....	26,512
Prepaid expenses.....	<u>1,887</u>

Total current assets..... 1,427,037

Investments in marketable securities - at cost (quoted market value \$72,700).....	<u>165,557</u>
Refundable deposits.....	<u>108,714</u>
Property, plant and equipment - at cost.....	3,914,782
Less: Accumulated depreciation and depletion.....	<u>137,528</u>
	<u>3,777,254</u>

Other Assets:

Pre-production and exploration costs on mining claims.....	258,158
Advances for limited partnership.....	68,351
Incorporation and reorganization costs.....	<u>4,260</u>
	<u>330,769</u>
	<u>5,809,331</u>

LIABILITIES

Current liabilities:

Accounts payable.....	82,191
Due under agreement to acquire Alaska leases (\$163,743 U.S.).....	<u>167,018</u>
Total Current Liabilities.....	<u>249,209</u>

Deferred income taxes..... 30,000

Shareholders' equity:

Share capital	
Authorized	
8,000,000 shares without nominal or par value	
Issued	
5,298,675 shares.....	6,778,275

Deficit.....	<u>(1,248,153)</u>
	<u>5,530,122</u>
	<u>5,809,331</u>

APPROVED

DIRECTOR.....

DIRECTOR.....

ULSTER PETROLEUMS LTD. AND SUBSIDIARY COMPANIES

Consolidated Statement of Earnings and Deficit
Eight months ended August 31, 1970

Revenue:

Oil and gas sales and royalties....	\$ 158,760
Interest earned.....	115,016
Other.....	<u>26,725</u>
	<u>300,501</u>

Expenses:

Production.....	63,841
General and administrative.....	287,516
Technical and professional services.	85,832
Lease rentals on unproven properties.	86,700
Dry hole and abandonment costs....	152,858
Loss on sale of fixed assets.....	8,900
Depreciation and depletion.....	<u>78,882</u>

764,529

Net Loss..... 464,028

Deficit, beginning of year..... 784,125

Deficit end of period..... 1,248,153

APPROVED

DIRECTOR.....

DIRECTOR.....

ULSTER PETROLEUMS LTD.

Consolidated Statement of Source and
Employment of Funds
Eight Months Ended August 31, 1970

Source of Funds:

Refund of deposits.....	\$ 53,031
Federal Government Grant re: expenditures on mining claims & sale of misc. assets.....	40,397
Issue of shares.....	4,400
Sale of property, plant & equipment.....	<u>8,500</u>
	<u>106,328</u>

Employment of Funds:

Operations	
Sales of crude oil and natural gas, interest and other income.....	300,501
Less: Expenditures for production, general and administration, technical and professional and rentals on unproven lands.....	<u>523,889</u>
Funds employed in operations.....	223,388
Capital expenditures.....	1,418,089
Advances for limited partnership.....	<u>68,351</u>
	<u>1,709,828</u>
Decrease in working capital.....	<u>1,603,500</u>

APPROVED

DIRECTOR.....

DIRECTOR.....

13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	381,933 shares are held by the Canada Trust Company pursuant to a voluntary pooling agreement, which agreement terminates March 1, 1971, the date of final release of the pooled shares.												
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	W. R. BOSWELL -- 149,048 R. I. STANDEN -- 29,245 PALADEMA INVESTMENTS LTD.-- 21,837 SUMMITT OILS LTD. -- 20,890												
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<table><thead><tr><th><u>NAME OF SHAREHOLDER</u></th><th><u>NUMBER OF SHARES</u></th></tr></thead><tbody><tr><td>1) Richardson Securities of Canada, 173 Portage Avenue East, Winnipeg, Manitoba.</td><td>670,725</td></tr><tr><td>2) The Canada Trust Company In Trust for the Shareholders of the unexchanged shares of Abidonne Oils Ltd., 528 - 8th Avenue S.W., Calgary 2, Alberta.</td><td>481,422</td></tr><tr><td>3) Doherty, Roadhouse & McCuaig, The Simpson Tower, Toronto 103, Ontario.</td><td>339,056</td></tr><tr><td>4) William R. Boswell, #690, 700 - 6th Avenue S.W., Calgary 1, Alberta.</td><td>149,928</td></tr><tr><td>5) Nesbitt, Thomson & Company Limited, 355 St. James Street West, Montreal 1, Quebec.</td><td>148,891</td></tr></tbody></table> <p>We regret we are not able to supply information concerning the beneficial owners of shares registered in the name of Investment Dealers.</p>	<u>NAME OF SHAREHOLDER</u>	<u>NUMBER OF SHARES</u>	1) Richardson Securities of Canada, 173 Portage Avenue East, Winnipeg, Manitoba.	670,725	2) The Canada Trust Company In Trust for the Shareholders of the unexchanged shares of Abidonne Oils Ltd., 528 - 8th Avenue S.W., Calgary 2, Alberta.	481,422	3) Doherty, Roadhouse & McCuaig, The Simpson Tower, Toronto 103, Ontario.	339,056	4) William R. Boswell, #690, 700 - 6th Avenue S.W., Calgary 1, Alberta.	149,928	5) Nesbitt, Thomson & Company Limited, 355 St. James Street West, Montreal 1, Quebec.	148,891
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16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	No single shareholder holds sufficient shares materially to affect control of the Company.												

17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	<p>The Company has 5 wholly owned subsidiaries: Ulster Petroleum (Canada) Limited, Ulster Petroleum, Inc., Ulster Oil Enterprises Ltd., Parthenon Petroleum Ltd. and Abidonne Mines and Resources Ltd. The Company also holds the following securities:</p> <table><tr><td></td><td><u>Shares</u></td><td><u>Cost</u></td><td><u>Market Value</u></td></tr><tr><td>Cadillac Explorations Ltd.</td><td>13,000</td><td>\$102,122.95</td><td>\$31,850.00</td></tr><tr><td>United Bata Resources Ltd.</td><td>5,000</td><td>43,346.81</td><td>21,750.00</td></tr><tr><td>Hudsons Bay Oil and Gas Co. Ltd.</td><td>500</td><td>20,087.53</td><td>20,500.00</td></tr></table>		<u>Shares</u>	<u>Cost</u>	<u>Market Value</u>	Cadillac Explorations Ltd.	13,000	\$102,122.95	\$31,850.00	United Bata Resources Ltd.	5,000	43,346.81	21,750.00	Hudsons Bay Oil and Gas Co. Ltd.	500	20,087.53	20,500.00
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18. Brief statement of any lawsuits pending or in process against company or its properties.	<p>An action has been commenced at the Court of Queen's Bench, Saskatchewan, by Recon Oilfield Supplies Ltd. against New Marvel Oils Limited in which Ulster is named as Garnishee. The statement of claim claims an amount of \$21,784.55 for goods sold and delivered and services rendered. As a result of this action Ulster could be required to pay the amount claimed into Court in which event such amount would be deducted from the purchase price for properties payable to New Marvel.</p>																
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	<p>All outstanding contracts of the Company not disclosed in the foregoing are considered contracts entered into in the ordinary course of business.</p>																
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	<p>None.</p>																

CERTIFICATE OF THE COMPANY

DATED October 13, 1970

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"W. B. MacDonald"

"E. P. Kenney"

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

